2014 FINANCIAL REPORT

Containing the annual report

Public limited company with a capital of 688,276.10 Euros

Registered office: Bâtiment Adénine– 60 Avenue Rockefeller

69008 Lyon

Companies and Trades Registry 479 560 013

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Part 1

ACCOUNTING AND FINANCIAL INFORMATION

1. CONSOLIDATED ACCOUNTING AND FINANCIAL INFORMATION (IFRS STANDARDS)

CONSOLIDATED STATEMENT OF NET INCOME AND STATEMENT OF OTHER COMPREHENSIVE INCOME ITEMS

(in euros)	notes	12.31.2014 (12 months)	12.31.2013 (12 months)
Sales revenue			
Other income from activities	**6.1**	2,025,687	1,802,262
Income from regular operations		**2 025 687**	**1 802 262**
Research and development costs	**6.2 to 6.4**	(2,243,971)	(2,502,790)
Clinical studies		(3,875,421)	(2,461,836)
Intellectual property costs		(493,481)	(363,363)
Overhead and general costs		(4,361,181)	(3,587,200)
Regular operating results		**(8,948,367)**	**(7,112,926)**
Other operating income and expenses			27,776
Operating results		**(8,948,367)**	**(7,085,150)**
Net cost of debt	**6.5**	(50,006)	(1,119,787)
Other financial income and expenses	**6.5**	118,179	20,199
Financial results		**68,173**	**(1,099,589)**
Before-tax results		**(8,880,194)**	**(8,184,739)**
Income tax	**6.6**	20,158	40,018
NET INCOME		**(8,860,036)**	**(8,144,721)**
Elements that may be recycled at a later time as earnings			
None			
Elements that may not be recycled at a later time as earnings			
Reappraisal of liabilities for defined-benefits schemes		58,547	5,755
Tax effect		(20,158)	(1,981)
Other comprehensive income		**38,389**	**3,774**
COMPREHENSIVE INCOME		**(8,821,647)**	**(8,140,947)**
Basic earnings per share		(1.51)	(1.74)
Diluted earnings per share		(1.51)	(1.74)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (in euros)	notes	12.31.2014	12.31.2013
NON-CURRENT ASSETS		**1,080,239**	**910,132**
Intangible assets	**7.1**	30,951	14,277
Tangible fixed assets	**7.2**	967,474	812,947
Non-current financial assets	**7.3**	81,814	82,908
Other non-current assets			
Deferred tax assets			
CURRENT ASSETS		**39,526,400**	**17,038,828**
Inventories	**7.4**	198,356	138,238
Clients and associated accounts		104,870	87,192
Other current assets	**7.5**	2,234,738	1,700,874
Cash and cash equivalents	**7.6**	36,988,436	15,112,523
TOTAL ASSETS		**40,606,639**	**17,948,960**

LIABILITIES AND SHAREHOLDERS EQUITY (in euros)		12.31.2014	12.31.2013
SHAREHOLDERS' EQUITY		**35,824,303**	**13,586,634**
Capital	**7.7**	688,276	550,602
Premiums	**7.7**	72,426,817	42,741,059
Reserves	**7.7**	(28,430,754)	(21,560,305)
Net income		(8,860,036)	(8,144,721)
NON-CURRENT LIABILITIES		**524,629**	**847,689**
Provisions - Non-current portion	**7.8**	88,594	117,144
Financial liabilities - Non-current portion	**7.9**	436,035	730,545
Deferred tax liabilities			
Other non-current liabilities			
CURRENT LIABILITIES		**4,257,706**	**3,514,636**
Provisions - Current portion			
Financial liabilities - Current portion	**7.9**	333,502	281,341
Trade payables and related accounts		2,084,546	1,421,436
Other current liabilities	**7.10**	1,839,658	1,811,858
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		**40,606,639**	**17,948,960**

CONSOLIDATED STATEMENT OF VARIATIONS IN SHAREHOLDERS' EQUITY

TABLES OF VARIATION IN CAPITAL AND RESERVES (In euros)	Capital	Issue premiums	Reserves	Results	Capital and reserves
12/31/2012	**315,355**	**17,767,715**	**(19,938,025)**	**(2,172,035)**	**(4,026,990)**
Issuance of common stock	240,540				240,540
Issue premium increase		25,567,623			25,567,623
Treasury shares	(5,294)	(594,279)	(34,639)		(634,212)
Allocation of Earnings N-1			(2,172,035)	2,172,035	
Earnings for the period				(8,144,721)	(8,144,721)
Actuarial gains and losses			3,773		3,773
IFRS 2 Charges			580,621		580,621
12/31/2013	**550,602**	**42,741,059**	**(21,560,305)**	**(8,144,721)**	**13,586,634**
12/31/2013	**550,602**	**42,741,059**	**(21,560,305)**	**(8,144,721)**	**13,586,634**
Issuance of common stock	132,381				132,381
Issue premium increase		29,040,376			29,040,376
Treasury shares	5,294	645,832			650,675
Allocation of Earnings N-1			(8,144,721)	8,144,721	
Earnings for the period				(8,860,036)	(8,860,036)
Actuarial gains and losses			38,389		38,389
IFRS 2 Charges			1,235,883		1,235,883
12/31/2014	**688,276**	**72,426,817**	**(28,430,754)**	**(8,860,036)**	**35,824,303**

CONSOLIDATED CASH FLOW STATEMENT

(in euros)	notes	12.31.2014	12.31.2013
Net income		**(8,860,036)**	**(8,144,721)**
Expenses (income) not affecting cash			
- Depreciation (write backs) and provisions of non-current assets		276,522	286 962
- Depreciation (write backs) and provisions of current assets			(106,665)
- - Expenses (income) as share-based payments		1,235,883	580,621
- Share of investment grants written back to income			-
- Gains and losses on disposals			-
Operating subsidies		(1,794,919)	(1,660,806)
Cost of net financial debt		50,006	1,119,787
Income tax expense (current and deferred)		(20,158)	(40,018)
Internal financing capacity before financial results and tax		(9,112,701)	(7,964,840)
Taxes paid		-	-
Changes in working capital needs related to business activities		1,874,169	1,491,607
Net cash flow generated by business activities		**(7,238,532)**	**(6,473,233)**
Cash flow related to investment operations			
Purchase of fixed assets		*(421,542)*	*(430,638)*
- Intangible assets		(25,798)	(9,009)
- Tangible fixed assets		(395,641)	(418,390)
- Investments		(103)	(3,238)
Disposal of fixed assets		*1,197*	*142,040*
- Intangible assets		-	-
- Tangible fixed assets		-	142,040
- - Investments		1,197	-
Grants cashed		-	-
Effects of changes in perimeter		-	-
Net cash flow generated by investment operations		**(420,345)**	**(288,598)**
Cash flows from financing activities			
Increase in cash capital		30,731,174	16,551,137
Costs of cash capital increase		(1,558,417)	(2,013,989)
Loan issue		-	193,284
Costs of loan issue		-	-
Repayment of loans		(281,341)	(130,000)
Treasury shares		650,675	(599,573)
Interest paid		(7,301)	(1,621)
Net cash flow generated by financing operations		**29,534,791**	**13,999,239**
Changes in cash position		**21,875,913**	**7,237,408**
Cash position at year start		15,112,523	7,875,115
Cash position at year end		36,988,436	15,112,523
Variation in net cash position		**21,875,913**	**7,237,408**

ERYTECH PHARMA GROUP
NOTES ANNEXED TO THE FINANCIAL STATEMENTS

The present annex forms an integral part of the consolidated financial statements for the year ended December 31, 2014.

The financial statements were issued by the Board of Directors on March 26, 2015.

1. DESCRIPTION OF THE GROUP'S ACTIVITY

The Group's main activity is research and development in the areas of treatment of acute leukemias and other orphan diseases.

Since its creation, the Group has concentrated its efforts:

- On the development of a patented technology based on the encapsulation of molecules in the red blood cells, offering an innovative approach to the treatment of acute leukemias and other solid tumors. Development of the main product, ERY-ASP, initiated upon creation of the Group, has led to the issue of 10 patent families held by the Company. The Group has likewise established a patented industrial process capable of producing clinical batches of ERY-ASP, and capable of responding to demand upon the product's placement on the market.

- The implementation of clinical study programs intended initially to validate Graspa® in terms of safety of usage and toxicology through a Phase I clinical study on ALL in adult and pediatric patients with a relapse of ALL. Based on the results obtained, the Group performed a Phase II clinical study that likewise demonstrated the safety of the product's use and its efficacy in patients older than 55 years of age with ALL. The Group has completed a Phase II/III clinical study, at the end of which Erytech intends to file an application, in 2015, for approval for the placement of Graspa® on the European market for the treatment of ALL. The Group has likewise initiated a Phase IIb study on acute myeloid leukemia (AML), as well as a Phase II study on pancreatic cancer.

The Group's business model is to develop its products up to the point of obtaining authorization for their placement on the market in Europe and then in the United States. Commercial partnerships established by Erytech will allow for the distribution of ERY-ASP to be ensured first in Europe and then in the United States and in the rest of the world. Erytech has the capacity to ensure the supply of Graspa® for the first years of its sale in Europe, through its production unit in Lyon.

2. FACTS CHARACTERIZING THE FINANCIAL YEAR

2.1 Funds raised on the stock market

The parent company, ERYTECH PHARMA SA, raised approximately €30 M in October 2014 on Euronext, pertaining to a total of 1,224,489 new shares issued within the scope of a capital increase, with suppression of the preferential subscription right, reserved for investors regularly investing in securities specific to the fields of health care, representing approximately 17.8% of the number of shares in circulation (post-issue).

The issue price was set at 24.50 Euros per share, in compliance with resolution no. 10 of the mixed general shareholders' meeting of June 17, 2014. This price reflects a 3.5% reduction as compared to the weighted average of the parent company's share price in the last five trading sessions prior to

establishing the price, i.e., 25.39 Euros. In total, 80% of the issue was performed internationally, with 68% in the United States.

2.2 Clinical trials

On 09/30/2014, the Group announced the positive Phase III results on its Phase II/III clinical study with GRASPA® in the treatment of ALL. Analysis of the data from the GRASPIVOTALL clinical trial (GRASPALL2009-06), after one year of monitoring, demonstrates that the study convincingly achieved its primary objectives, and its secondary objectives confirm a favorable profile for the clinical efficacy of GRASPA®. The study also shows favorable results in patients with histories of allergies to L-asparaginase.

During the financial year, the Group also recruited the first patient for its Phase II study on pancreatic cancer in Europe, as well as its first patient for its Phase I/II study in the United States.

The Group announced the positive opinion by its second committee of independent experts (DSMB) for its Phase IIb study on AML. The independent experts analyzed the tolerance data for the first 60 patients treated, and as with the first DSMB committee review on 30 patients, continuation of the study was unanimously confirmed, without requesting any modifications to the study or formulating any particular observations.

The Group likewise obtained Orphan Drug Designation from the FDA for its product ERY-ASP in the treatment of AML in the United States.

2.3 American subsidiary

The parent company ERYTECH PHARMA SA created the subsidiary "ERYTECH PHARMA Inc." in the USA in April 2014. The Company then proceeded to appoint the firm RSM-CCI Conseils as co-Statutory Auditors in the AGM of June 17, 2014. At June 30, 2014, the Group's financial statements were supplemented, for the first time, by consolidation of the 100% held American subsidiary. This activity had no impact on the financial year.

3. EVENTS SUBSEQUENT TO YEAR-END

Pierre-Olivier Goineau, co-founder of the company Erytech Pharma SA and Delegated Managing Director, submitted his resignation to the Group from his positions within ERYTECH PHARMA SA during the parent company's board of directors' meeting of January 11, 2015; Mr. Goineau will remain treasurer and secretary of the American subsidiary ERYTECH PHARMA Inc.

4. BUSINESS CONTINUITY

The Group's loss-making situation is explained by the innovative nature of the products developed, therefore involving a multi-year research and development phase. The general accounting conventions were applied in compliance with the principle of prudence, in accordance with the underlying assumptions of:

- business continuity,
- permanence of accounting methods from one year to the next,
- independence of fiscal years,

and in conformity with the general rules for the preparation and presentation of consolidated financial statements in accordance with the IFRS.

5. ACCOUNTING PRINCIPLES AND METHODS

In application of European regulation 1606/2002 of July 19, 2002, the financial statements for the ERYTECH PHARMA Group are prepared in conformity with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), as adopted by the European Union at the date of issue of the financial statements by the board of directors, as applicable at December 31, 2014.

This framework is available on the European Commission's website, at the following address: (http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm).

The accounting methods outlined below have been applied in a continuous manner to all the periods presented in the Group financial statements, after taking into account or with the exception of the new standards and interpretations described below.

The financial statements are presented in Euros, which is the functional currency of the parent company. All amounts mentioned in this annex to the financial statements are denominated in Euros, save where indicated otherwise.

5.1. New standards, amendments to standards, and interpretations applicable as of the financial year begun January 1st, 2014

The accounting principles adopted for their preparation are those applied by the Group at December 31, 2013, with the exception of the following new standards and interpretations applied for the first time as of January 1st, 2014:

- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- Amendment to IAS 32 – Offsetting of financial assets and liabilities
- Amendments to IFRS 10, IFRS 11, and IFRS 12
- Amendments to IFRS 10, IFRS 12, and IAS 27: Investment Entities
- Amendments to IAS 36 - Impairment of Assets: Disclosure - Recoverable Amount of Non-Financial Assets
- Amendments to IAS 39 - Financial Instruments: Recognition and Measurement - Notation of Derivatives and Continuation of Hedge Accounting

These new texts published by the IASB had no significant impact on the Group financial statements.

5.2. Standards and interpretations published but not yet in force

- IFRS 9 – Financial Instruments – Amendments to IFRS 9: postponement of the date of entry into force and information to be disclosed on the transition
- IFRIC 21 - Levies Charged by Public Authorities
- Amendments to IAS 19 - Defined Benefit Plans: Employee Contributions
- Amendments to IFRS 11 - Partnerships: Accounting for Acquisitions of Interests in Joint Operations
- IFRS 15 - Revenue from Contracts with Customers
- Amendment IAS 36 and IAS 38 – Clarification of Acceptable Methods of [Depreciation and] Amortization
- IFRS Improvements (2010-2012 cycle and 2011-2013 cycle)

The Group has not applied in advance any standards and interpretations for which application was not obligatory at January 1st, 2014.

5.3. Presentation

The statement of comprehensive income presents the classification of expenses and income per item, with the exception of other operating income and expenses.

The comparative information is presented using an identical classification.

The cash flow table was prepared according to the indirect method.

5.4. Year-end

The Group closed its annual accounts on December 31, 2014.

5.5. Consolidation perimeter

The company ERYTECH Pharma SA (head office: 60 avenue Rockefeller, Bâtiment Adénine, 69008 LYON, FRANCE) holds 100% of its subsidiary, ERYTECH Pharma Inc. (head office: 185 Alawife Brook Parkway Ste 410, CAMBRIDGE, MA 02138, UNITED STATES).

The Group's financial statements include consolidation of the American subsidiary.

5.6. Use of estimates and judgment

Preparation of the financial statements in accordance with the rules prescribed by the IFRS requires the use of estimates and the formulation of hypotheses having an impact on the financial statement. These estimates can be revised where the circumstances on which they are based change. The actual results may therefore differ from the estimates initially formulated. The use of estimates and judgment primarily concern the measurement of share-based payments (Note 5.17 and Note 6.3), as well as the estimate of expenses owing relative to clinical trials (Note 9).

5.7. Intangible assets

Intangible assets generated internally – Research and development costs

In accordance with IAS 38, "Intangible Assets," research expenditures are accounted for in the period during which they are incurred.

An intangible asset internally generated relating to a development project is booked as an asset if, and only if, the following criteria are met:

- Technical feasibility required to complete the development project;
- Intention to complete the project, use or sell it;
- Demonstration of the probability of future economic benefits related to the asset;
- Availability of appropriate resources (technical, financial and other) to complete the project;
- Ability to reliably assess the expenditures attributable to the development project underway.

The initial measurement of the development asset is the sum of expenses sustained starting on the date on which the development project meets the above criteria.

Considering the strong uncertainty associated with the development projects performed by the Group, these conditions will only be met when the regulatory procedures necessary for placement of the products on the market have been finalized. Most of the expenditures being incurred before that stage, the development costs, are accounted for in the period in which they are incurred.

Other intangible assets

The other intangible assets are recognized at their cost, decreased by the aggregate amortizations and any losses in value. The amortization is calculated on a straight-line basis in function of the duration of the asset's use. The duration of use and the amortization method are reviewed at each year-end. All significant modifications to the anticipated use of the asset are recognized prospectively.

The other intangible assets are primarily composed of computer software and are amortized on a straight-line basis over 1 to 5 years.

An impairment is recorded where the asset's book value is greater than its recoverable value (see Note 7.1).

5.8. Tangible fixed assets

Fixed assets are recorded in the balance sheet at their purchase cost, composed of their purchase price and all directly associated costs sustained to place the asset in use and in a state of operation according to the usage intended by the company's management.

These assets are amortized according to the straight-line method, in function of their duration of use.

The primary durations of use adopted are as follows:

- Industrial equipment: 1 to 5 years;
- Systems and layout: 3 to 10 years;
- Office equipment: 3 years;
- Furniture: 3 to 5 years.

The duration of use of fixed assets, any residual values, and the amortization method are reviewed at each year-end result and, in the event of a significant change, in a forward-looking revision of the amortization plans.

In compliance with the IFRS, the different components of a single fixed asset having a different duration of use or procuring economic benefits for the company according to a different rhythm are recognized separately.

5.9. Impairment tests

According to the standard IAS 36, "Impairment of Assets," a loss in value must be recognized where the net book value is lower than the recoverable value. The recoverable value of an asset is the highest value between the fair value less disposal costs and the value in use.

The fair value less disposal costs is the amount that can be obtained from the sale of an asset in a transaction under conditions of normal competition between well-informed, consenting parties, less the disposal costs.

The value in use is the present value of estimated future cash flow anticipated from the ongoing use of an asset. The value in use is determined based on cash flows estimated based on budgets and plans, then discounted by adopting the long-term market rates after taxes that reflect the market estimates of the time value of money and the risks specific to the assets.

Amortizable fixed and intangible assets

Where new events or situations indicate that the book value of certain fixed or intangible assets may not be recoverable, this value is compared to its recoverable value, approached based on the value in use or its market value less disposal costs. Where the recoverable value is less than the net book value of these assets, the latter is changed to its recoverable value and a loss in the asset value is recognized under "provisions for impairment." The new value of the asset thus has a forward-looking amortization based on the new duration of the asset's residual life.

5.10. Other non-current financial assets

Non-current financial assets are initially recognized at their fair value, increased where applicable by the costs directly ascribable to their purchase, then further measured at the amortized cost. They cannot form the object of a loss in value where an objective indication of impairment exists. The loss in value is recognized in the profit or loss and is reversible where the recoverable value experiences a positive change in the future.

5.11. Inventories

In compliance with the IAS 2 standard for "Inventories," inventories are recognized at their cost or at their net realizable value, where this is lower. In the latter case, the loss in value is recorded under current operating income. Inventories are measured according to the FIFO method.

5.12. Lease agreements

A lease agreement is considered as being a finance lease where it transfers to the borrower substantially all the risks and benefits inherent in ownership of the asset. The other contracts are considered as being simple lease agreements.

The assets held within the scope of a finance lease are recognized in the balance sheet assets and liabilities under their fair value at the start of the contract or, where this is lower, at the discounted value of the minimum payments on the lease. These assets are then amortized in function of the anticipated duration of the asset's use.

5.13. Cash and cash equivalents

The item "cash and cash equivalents" in the balance sheet includes highly liquid securities for which the initial maturity is equal to or less than three months, considered equivalent to liquid assets. The fair value of these securities is very near their book value, given their short-term maturity.

5.14. Provisions and potential liabilities

A provision is recognized where the Group has a current or implicit legal obligation resulting from a prior event, where the obligation can be reliably estimated, and where it is probable that an outflow of resources representing economic benefits will be necessary to discharge the obligation. The portion of a provision estimated as payable in less than one year is recorded under current liabilities, and the balance under non-current liabilities. The provisions are discounted where the impact is significant.

Provisions notably include:

- obligations pertaining to retirement indemnities and long-service awards,
- provisions for disputes.

Disclosure is made in the detailed notes on any potential assets and liabilities where the impact is significant, except where the probability of occurrence is low.

Provisions for retirement indemnities - defined benefit plans

In compliance with IAS 19, "Employee Benefits," within the scope of defined benefit plans, the post-employment benefits and other long-term benefits are measured every year using the projected unit credit method. According to this method, each service period gives rise to an additional unit of rights to benefits, and each of these units is measured separately to obtain the final obligation. This final obligation is then discounted.

These calculations primarily include:

• a theorized benefit payment date;
• a financial discount rate;
• an inflation rate;
• theorized wage increases, rate of employee turnover, and mortality.

The primary actuarial assumptions adopted at December 31, 2014 are described in note 7.8.

The positive or negative actuarial differences include the effects, on the commitment, of a change in calculation assumptions as well as adjustments to the obligation linked to experience. In conformity with the standard IAS 19 "Post-employment benefits [employee benefits]", the Group recognizes these actuarial differences under other items of the comprehensive income for post-employment benefits.

The provision showing in the balance sheet under a specific line corresponds to the total commitment at year-end. The cost of prior services associated with a change in the plan are recognized in the statement of comprehensive income.

The expense for the period, composed of the cost of services rendered and the financial expense of accretion, constitutes an operating expense.

5.15. Income from regular operations

The other income from activities involves products pertaining to grants. The grants are initially recognized at their fair value under deferred income, where a reasonable assurance exists that they will be received and the Group will conform with the conditions attached to these grants.

They are then recognized as income, pro rata of costs sustained, in compliance with IAS 20. Due to this, the grants to be received can be recorded in the accounts where the assignment contract is signed but the grants have not yet been received.

In compliance with IAS 20, the "Research Tax Credit" is also presented on the line "Other income from regular operations" in the statement of comprehensive income.

Partnership with Orphan Europe

Within the scope of its partnership agreement with Orphan Europe on the development of AML, the Group re-invoices, with no margin, certain clinical costs incurred and invoiced to the Group by external providers.

In application of the standard IAS 18, the Group estimates that, within the scope of this partnership, it acts as agent insofar as concerns external costs re-invoiced, in that:

- The Group does not have primary responsibility for provision of the goods or service, the majority of services being provided by third parties, the most significant of which, the CRO (company responsible for a portion of the service provision associated with biomedical research for which ERYTECH Pharma SA is the sponsor) directly invoices Orphan Europe. The Group is only directly invoiced for the associated services.
- The Group sustains no inventory risk,

- The Group has no capacity to determine prices, all of the external costs being invoiced to the nearest euro, with no margin, and it absorbs no price changes applied by the suppliers.
- The Group sustains a credit risk not considered to be significant.

Consequently, the re-invoicing of these external costs to Orphan Europe is presented as a decrease in corresponding expenses sustained by the Group. For 2014, the amount of external costs re-invoiced within the scope of this partnership totaled 562,000 Euros.

Within the scope of this same agreement, the Group also re-invoiced certain internal clinical costs, such as personnel costs associated with the management of clinical trials, or personnel involved in the production of batches necessary for the AML clinical trial. These re-invoiced internal costs are recognized by the Group as other income from ordinary activities. They total 231,000 Euros for the 2014 financial year.

5.16. Regular operating results

The regular operating results are formed by income from regular operations less regular operating costs. The regular operating costs primarily include the research and development costs, the clinical studies, the intellectual property costs, the structural and general costs, the net allocations of reversals to amortizations and operating provisions, as well as the costs of share-based payments.

The regular operating results are an indicator used by the Group, enabling it to present "a level of operational performance that can serve as a forward-looking approach to recurring performance" (in conformity with Recommendation CNC2009-R03, relative to the format for corporate financial statements under the international accounting framework). In effect, the regular operating results are a management balance that facilitates an understanding of the Group's performance by excluding the other operating income and expenses defined below.

5.17. Share-based payments

In compliance with IFRS 2, the benefits granted to certain employees in the form of share-based payments are measured at the fair value of the instruments granted.
This remuneration can take the form of either equity or cash instruments.
Share call and subscription options are granted to directors and to certain employees of the Group.
In compliance with IFRS 2, "Share-Based Payment," the fair value of the options is determined on the grant-date.
To determine their value, the Group uses the Black & Scholes mathematical model. This allows them to take into account the characteristics of the plan (exercise price, period of exercise), the market data at the time of assignment (risk-free rate, volatility, expected dividends), and recipient behavior assumptions. Changes in value subsequent to the grant-date have no effect on this initial measurement.
The value of options is notably a function of their expected lifetime. This value is recorded under personnel expenses using the straight-line method between the grant date and the maturity date (rights acquisition period), with a direct contra-entry in the shareholders' equity.

5.18. Measurement and recognition of financial liabilities

Financial liabilities at the amortized cost

Loans and other financial liabilities are initially measured at their fair value, and then at the amortized cost, calculated using the effective interest method ("EIM").

The transaction costs directly ascribable to the acquisition or issue of a financial liability decrease this financial liability. These costs are then actuarially amortized on the lifetime of the liability, based on the EIM.

The EIM is the rate that equalizes the flow anticipated from future cash outflows at the current net book value of the financial liability, with a view to deducting its amortized cost.

Liabilities at fair value through profit and loss

The liabilities at fair value through profit and loss are measured at their fair value.

5.19. Other operating income and expenses

The other operating income and expenses correspond to individual, unusual, and infrequent items that the Group presents separately in its statement of comprehensive income to facilitate comprehension of its regular operational performance. These items, where significant, form the object of a precise description, including their amount and nature, in the note "Other operating income and expenses."

5.20. Segment reporting

In conformity with IFRS 8 "Operating Segments", reporting by operating segment is derived from the internal organization of the Group's activities; it reflects management's viewpoint and is established based on internal reporting used by the chief operating decision maker (the Chairman - CEO) to implement the allocation of resources and to assess performance.

The Group's current reporting has enabled it to define a single operating segment.

5.21. Financial results

The net cost of debt includes:

- interest expenses on the financial debt (cost of gross financial debt includes the financial costs and the issue costs on the financial debts) composed of loans and other financial debts (notably overdrafts and debts on financial leases);
- decreased by income from the cash and cash equivalents.

The other financial income and expenses are composed of:

- other costs paid to the banks on financial transactions;
- the effect of term investments on the results.

5.22. Taxes

Current taxes

Considering the level of tax losses that can be carried forward, no tax expense is owing, save for the exceptions established under standard IAS 12.

Deferred taxes

Deferred taxes are calculated for all the time-based differences between the book value of an asset or a liability and its tax value.

Changes in the tax rates are recorded in the results of the fiscal year during which the rate change is decided.

Deferred tax assets resulting from time-based differences or taxes losses carried forward are limited to the deferred tax liabilities with the same maturity, except where their allocation on future taxable income is probable.

Deferred taxes are calculated in function of the most recent tax rates adopted at the date of each fiscal year-end.

Deferred tax assets and liabilities are not discounted and are classified in the balance sheet under non-current assets and liabilities.

The parent company is subject to the territorial economic contribution (Contribution Economique Territorial - CET), which combines the corporate real estate contribution (cotisation foncière des entreprises - CFE) and the corporate value added contribution (cotisation sur la valeur ajoutée des entreprises - CVAE):

- the corporate real estate contribution, the amount of which is in function of property rental values and which can, where applicable, have a ceiling at a percentage of the value added, presents significant similarities to the business tax and is recognized under operating expenses;

- the corporate value added contribution meets, based on the Group's analysis, the definition of an income tax as established under IAS 12.2 ("taxes owing based on taxable income"). To enter within the scope of IAS 12, a tax must be calculated based on a net amount of income and expenses, and this net amount can be different from the net book results. The Group has judged that the corporate value added contribution satisfies the characteristics outlined in this conclusion, insofar as the value added constitutes the intermediate level of income that systematically serves as the basis, according to French tax law, for determining the amount owing in relation to the corporate value added contribution.

In conformity with the provisions of IAS 12, qualification of the corporate value added contribution as an income tax leads to the recognition of deferred taxes relative to time-based differences existing at year end, with a contra-entry of a net expense in that year's statement of comprehensive income. Where applicable, this deferred tax expense is presented on the line "taxes." For the moment, the parent company does not pay the CVAE.

5.23. Consolidated cash flow statement

The cash flow table is prepared using the indirect method and separately presents the cash flows associated with operating, investment, and financing activities.

Operating activities correspond to the company's primary income-generating activities and all the other activities that do not meet the investment or financing criteria. The Group has decided to classify grants received under this category. The cash flows associated with operating activities are calculated by adjusting the net results of variations in working capital requirements, of items with effects of a non-cash nature (amortization, impairment), of disposal gains, of calculated expenses.

Cash flows associated with investment activities correspond to cash flows associated with the purchase of assets, net of supplier debts on the assets, and with the disposal of assets and other investments.

Financing activities are operations that result in changes in the size and composition of the contributed equity and borrowings of the entity. Capital increases and the obtaining or repayment of loans are classified under this category. The Group has chosen to classify the repayable advances under this category.

The increases in assets and liabilities with non-cash effects are eliminated. As such, the assets financed through a finance lease are not included in the period's investments. The decrease in financial debt associated with leases is therefore included under the period's loan repayments.

5.24. Earnings per share

The Group presents the basic earnings per share and the diluted earnings per share.

The basic earnings per share are calculated by dividing the Group's net results by the weighted average number of shares in circulation during the financial year.

The diluted earnings per share are calculated by dividing the results by the weighted average number of common shares in circulation, increased by all dilutive potential common shares. The dilutive potential common shares include, in particular, the share subscription warrants.

5.25. Off-balance sheet commitments

The Group has defined and implemented monitoring for its off-balance sheet commitments so as to know their nature and object. This monitoring pertains to information relative to the following commitments given:

- personal guarantees (guarantees, endorsements, and bonds),
- security interests (mortgages, pledges, and sureties),
- simple leases, purchase and investment obligations,
- other commitments.

6. NOTES RELATIVE TO THE NET CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

6.1 Other income from activities

The other income from activities is composed of the following elements:

(in euros)	12.31.2014	12.31.2013
Research Tax Credit	1,523,688	1,366,656
Grants	271,231	294,150
Other earnings	230,769	141,456
Other income from activities	**2,025,687**	**1,802,262**

The other income was primarily generated by the research tax credit, the grants associated with the pre-clinical research programs in partnership with BPI France.

The "Other income" totaled €230,769 in 2014, representing the sum of the internal costs sustained by the Group within the scope of the AML study, and re-invoiced to the company Orphan Europe to this end. The other external costs associated with this clinical trial were re-invoiced to Orphan Europe with no margin, and do not appear under income from activities, but rather deducted from the associated expenses.

6.2 Details of expenses by item

12/31/2014 in €	Research and development costs	Clinical studies	Intellectual property costs	Overhead and general costs	Grand total
Consumables	251,917	171,975	-	28,257	**452,149**
Rental and maintenance	216,780	277,778	-	290,508	**785,066**
Services, subcontracting, and fees	356,144	2,186,597	416,030	1,045,220	**4,003,990**
Employee charges	1,351,320	1,016,651	74,835	2,367,872	**4,810,679**
Other	35,375	32,682	2,616	601,259	**671,931**
Net depreciation expense provisions	32,435	189,738	-	28,065	**250,238**
Grand total	**2,243,971**	**3,875,421**	**493,481**	**4,361,181**	**10,974,054**

12/31/2013 in €	Research and development costs	Clinical studies	Intellectual property costs	Overhead and general costs	Grand total
Consumables	288,280	186,997	-	31,929	**507,206**
Rental and maintenance	146,297	173,456	-	416,265	**736,018**
Services, subcontracting, and fees	629,890	1,060,498	265,371	449,780	**2,405,539**
Employee charges	1,331,773	814,789	97,992	1,839,667	**4,084,221**
Other	25,362	84,803	-	810,878	**921,043**
Net depreciation expense provisions	81,187	141,293	-	38,681	**261,161**
Grand total	**2,502,789**	**2,461,836**	**363,363**	**3,587,200**	**8,915,188**

6.3 Personnel costs

The personnel costs are broken down as follows:

12/31/2014 in €	Research and development costs	Clinical studies	Intellectual property costs	Overhead and general costs	Grand total
Wages and salaries	732,970	631,854	43,120	1,051,374	**2,459,317**
JV Share-based compensation plan	283,559	88,598	11,408	852,318	**1,235,883**
Social security charges	334,791	296,199	20,308	464,180	**1,115,479**
Total employee costs	**1,351,320**	**1,016,651**	**74,835**	**2,367,872**	**4,810,679**

12/31/2013 in €	Research and development costs	Clinical studies	Intellectual property costs	Overhead and general costs	Grand total
Wages and salaries	819,239	221,068	38,708	1,287,914	**2,366,928**
JV Share-based compensation plan	135,830	397,314	40,025	7,452	**580,621**
Social security charges	376,705	196,407	19,259	544,302	**1,136,673**
Total employee costs	**1,331,774**	**814,789**	**97,992**	**1,839,667**	**4,084,222**

Share-based payment (IFRS 2)

Share options have been allocated to the directors, to certain employees, as well as to members of the Board of Directors in the form of share subscription warrants ("BSA") or founder subscription warrants ("BSPCE").

6.3.1 "2012 Plan"

Types of securities	Founder's share warrants (BSPCE) 2012	Share warrants (BSA)2012
Number of warrants authorized for issue	33,788	30,034
Number of warrants that the shares authorized to issue, for all types of shares	45,050	
Total number of warrants issued 2012/2013/2014	33,788	11,262
Total number of warrants Allocated 2012/2013/2014	33,788	5,025
Number of warrants exercised	6,807	5,025
Date of General Meeting	May 21,2012	
Exercise price per new share subscribed	€7,362	
Final date for exercising warrants	May 20, 2020	
Parity	1 warrant for 10 shares	
General conditions of exercise	Warrant holders can only exercise their subscribed warrants: (i)) Warrant holders can only exercise their subscribed warrants upon the occurrence of a firm, definitive operation involving the initial listing of Company shares for trading on a regulated or unregulated stock market, in France or the European Union, or a foreign securities exchange; (ii) on one single occasion, or (iii) on multiple occasions, within a limit of twice a year and at least 100 warrants. Warrant holders shall only be able to exercise the entirety of their warrants, already subscribed or Allocated but not yet subscribed, in the event that one of the following operations occurs: (i) acceptance, by shareholders representing at least sixty-six point six seven percent (66.67%) of the shares constituting the Company's capital, of a firm, definitive buyback offer pertaining to control of the Company (as pursuant to Article L. 233-3 of the Commercial Code). (ii) the formation of a merger agreement providing for absorption of the Company. The securities to which the warrants give rights are common shares. Each warrant shall give the right to ten (10) shares in the Company's share capital. The new shares resulting from the exercise of founder's share warrants (BSPCEs) shall form the object of periodic requests for admission for trading on the regulated market NYSE Euronext.	
Maximum number of new shares that can be issued	332,180	

Within the scope of the BSA_{2012} and $BSPCE_{2012}$plans, the board of directors' meeting of July 17, 2014 defined the additional list of beneficiaries, as well as the number of warrants to which each employee may subscribe within the scope of the BSA_{2012} and $BSPCE_{2012}$, in relation to the period of June 1st, 2013 to May 31, 2014. As such, 1,000 additional BSA_{2012} and 13,176 additional $BSPE_{2012}$ were allocated to Erytech employees.

In conformity with IFRS 2, Erytech performed a valuation of these instruments, and used the Black & Scholes measurement model to this end.

The primary assumptions used to determine the fair value of these instruments are:

- Risk-free rate: 0.18% (in function of the zero coupon government bond rates curve);
- Anticipated dividends: zero;
- Volatility: 20.37% based on the historical volatility observed on the NextBiotech index;
- Anticipated maturity: 2.9 years.

The fair value of warrants allocated in 2014 in relation to the 2012 plan was valued at €1,078,084.80 and was fully reported under income for the 2014 financial year.

At the end of 2014, the subscription warrants for the 2012 plan were broken down as follows:

BSA / BSPCE (Share warrants/founder's warrants) reference	GAB reference	Parity	Period of exercise	Number of warrants issued	Number of warrants allocated	fiscal year	Number of warrants remaining to be exercised	Number of warrants remaining to be allocated
Founder's share warrants (BSPCE) 2012	21/05/2012	1 warrant = 10 shares	20/05/2020	33,788	33,788	6,807	26,981	-
Share warrants (BSA) 2012	21/05/2012	1 warrant = 10 shares	20/05/2020	11,262	5,025	5,025	-	6,237
			Total	**45,050**	**38,813**	**11,832**	**26,981**	**6,237**

6.3.2 "2014 Plan"

On January 22, 2014, the board of directors used the delegation granted by the mixed general shareholders' meeting of April 2, 2013, in its twenty-fifth resolution, to decide on a plan for the free allocation of 22,500 founder share subscription warrants (hereinafter entitled $BSPCE_{2014}$) to the benefit of Erytech directors (12,000 warrants) and to a category of "employees with management status" not yet identified by name (10,500 warrants).

The plan's characteristics are as follows:

Types of securities	**Founder's share warrants (BSPCE)2014**
Number of warrants issued	22,500
Number of warrants awarded	12,000
Number of warrants exercised	0
Board of Directors Date	Jan. 22, 2014
Exercise price per new share subscribed	€ 12,250
Final date for exercising warrants	Jan. 22, 2024
Parity	1 warrant for 10 shares
General conditions of exercise	In the event of the beneficiary's death, it is stipulated that, pursuant to the provisions of article 163 bis G of the general tax code, the decedent's heirs may exercise the warrants within six months starting from the death. The founder's share warrants (BSPCE)2014 can be exercised: - on one single occasion, or - except in the event of an M&A operation, at most four (4) times per year, and for the exercise of a minimum of fifty (50) founder's share warrants (BSPCE)2014. In the event of a so-called M&A operation, holders of BSPCE20124 shall have five (5) business days starting from notice by the Company of the occurrence of such an event to exercise all of their BSPCE20124. However, the exercise of the BSPCE2014 may be canceled in the event of the ultimate non-performance of the takeover or the merger operation, for any reason whatsoever.

Maximum number of new shares that can be issued	120,000

In the event of a beneficiary's departure from the Group for any reason whatsoever, this beneficiary shall retain the $BSPCE_{2014}$ to which he subscribed prior to his departure. However, in the event of a beneficiary's departure from the Group, for any reason whatsoever, prior to subscription of the $BSPCE_{2014}$ to which the beneficiary has a right, the $BSPCE_{2014}$ shall be considered invalid vis-a-vis this beneficiary. Within this hypothesis, the $BSPCE_{2014}$ not subscribed may be re-allocated to other beneficiaries within the same category and/or replacing the person who left the company.

In any case, the $BSPCE_{2014}$ not exercised at January 22, 2024 shall become duly and fully expired.

Concerning the directors and in accordance with IFRS 2, it was considered that the entirety of the 12,000 warrants were assigned on January 22, 2014. The fact that the directors can only subscribe to one third of these warrants each year constitutes a condition of service. In other words, these warrants form the object of a gradual 3-year acquisition period.

In the absence of a nominal allocation to "employees with management status", the Group estimated that definition of the allocation date in accordance with IFRS 2 could not be January 22, 2014 for the latter warrants, and that the allocation of each tranche of warrants would take place subsequently, during the 2nd quarter of each year over the period of 2015 to 2017, upon designation of the beneficiaries (with immediate acquisition of the rights associated with each tranche of warrants). Consequently, as no designation had yet been made at December 31, 2014, the Group did not record any expense for the period in relation to these $BSPCE_{2014}$.

In conformity with IFRS 2, Erytech performed a valuation of the $BSPCE_{2014}$ allocated to directors, and used the Black & Scholes measurement model to perform this valuation.

The primary assumptions used to determine the fair value of the $BSPCE_{2014}$ allocated to directors are:

- Risk-free rate: between 1.12% and 1.70% in function of the tranches (in function of the zero coupon government bond rates curve);

- Anticipated dividends: zero;

- Volatility: 18.98% based on the historical volatility observed on the NextBiotech index;

- Anticipated maturity: between 5.6 and 6.7 years in function of the tranches allocated.

The fair value of the plan was valued at €372,059. This expense will be distributed gradually over the duration of the 3-year plan in conformity with IFRS 2 ("graded vesting method"). An expense of €157,798 was recorded to this end under personnel expenses, "Structural and general costs", at December 31, 2014.

Moreover, the board of directors' meeting of December 4, 2014 transformed 3,000 $BSPCE_{2014}$ into 3,000 BSA_{2014} for a Medical Director at the subsidiary ERYECH PHARMA INC., in accordance with Annex IV-BSA_{2014} Regulations, as recorded in the minutes. This allocation is conditional upon the recruitment of a person to this position. As this suspensive clause has not yet been lifted, these BSA_{2014} had no accounting effect on the 2014 financial year.

6.4 Net allocation to amortizations and provisions

in euros	12.31.2014	12.31.2013
Research and development costs	32,435	81,187
Clinical studies	189,738	141,293
Intellectual property costs	-	-
Overhead and general costs	28,065	38,681
Net allocation to amortizations and provisions	**250,238**	**261,161**

6.5 Financial results

(in euros)	12.31.2014	12.31.2013
Interest on leasing	(6,801)	(4,656)
Interest on bonds	-	(1,059,272)
Financial charges	(43,205)	(55,860)
Net cost of debt	**(50,006)**	**(1,119,788)**
Earnings (losses) from disposal of VMP	140,935	19,689
Other Financial Income	619	3,210
Other Financial Charges	(23,375)	(2,700)
Other income & financial charges	**118,179**	**20,199**
Total Income (Loss)	**68,173**	**(1,099,589)**

The financial expenses were impacted in 2013 by the fair-value conversion of the A, B, and Recordati bonds, an amount of €240,000 paid to bondholders within the scope of the conversion and for expenses related to the restatement performed on the repayable advances. These bonds were converted in 2013.

6.6 Income tax

in euros	12.31.2014	12.31.2013
Deferred tax assets	-	-
Deferred tax liabilities	-	-
Net deferred taxes	-	-

Proof of tax

in euros	12.31.2014	12.31.2013
Before-tax results	(8,880,194)	(8,285,346)
Nominal tax proceeds	3,057,451	2,852,645
Non-activated deficit from fiscal year	(3,144,880)	(2,626,328)
CICE (jobs & competitiveness tax credit) non-taxation	14,748	9,877
Tax credits	524,606	470,540
Cancellation of the non-conversion premium.		(476,742)
Impact of the IFRS 2 restatement	(425,515)	(201,374)
Other differences	(6,252)	11,400
Effective tax (loss)/income	**20,158**	**40,018**

As a prudential measure, the losses that can be carried forward were activated only in the amount of the deferred tax liabilities; the amounts activated are not significant.

7 NOTES RELATIVES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

7.1 Intangible assets

in euros	12.31.2013	Acquisitions/Provision for depreciation	Disposals	12.31.2014
Other intangible assets				
Gross	109,177	25,798	-	134,975
Amortization and depreciation	(94,900)	(9,124)	-	(104,024)
Net book value	**14,277**	**16,674**		**30,951**

in euros	12.31.2012	Acquisitions/Provision for depreciation	Disposals	12.31.2013
Other intangible assets				
Gross	100,168	9,009	-	109,177
Amortization and depreciation	(70,575)	(24,325)	-	(94,900)
Net book value	**29,593**	**(15,316)**		**14,277**

7.2 Tangible fixed assets

in euros	12.31.2013	Acquisitions/Provision for depreciation	Disposals/Transfers	12.31.2014
Assets financed through lease with option to buy				
Laboratory equipment				
Gross	973,877			973,877
Amortization and depreciation	(654,154)	(98,593)		(752,747)
Net book value	**319,723**			**221,130**
Assets under construction	20,000		(20,000)	-
Assets not financed through lease with option to buy				
Plant, equipment, and tooling				
Gross	337,673	279,784		617,457
Amortization and depreciation	(308,027)	(38,371)		(346,398)
Net book value	**29,646**			**271,059**
General equipment, fixtures and fittings				
Gross	953,455	5,390		958,845
Amortization and depreciation	(540,239)	(95,616)		(635,855)
Net book value	**413,216**			**322,990**
Office equipment and computers				
Gross	57,668	17,988		75,656
Amortization and depreciation	(27,306)	(8,535)		(35,841)
Net book value	**30,362**			**39 815**
Assets under construction		218 109	(105,629)	112,480
GRAND TOTAL				
Gross	**2,342,673**	521,270	(125,629)	**2,738,314**
Amortization and depreciation	**(1,529,726)**	(241,114)	-	**(1,770,840)**

in euros	12.31.2013	Acquisitions/Provision for depreciation	Disposals/Transfers	12.31.2014
Assets financed through lease with option to buy				
Net book value	**812,947**	**280,156**	**(125,629)**	**967,474**

in euros	12.31.2012	Acquisitions/Provision for depreciation	Disposals/Transfers	12.31.2013
Assets financed through lease with option to buy				
Laboratory equipment				
Gross	733 464	240 413		973,877
Amortization and depreciation	(547,573)	(106,581)		(654,154)
Net book value	**185,891**			**319,723**
Assets under construction	40,000	122,340	(142,340)	20,000
Assets not financed through lease with option to buy				
Plant, equipment, and tooling				
Gross	318,096	19,577		337,673
Amortization and depreciation	(281,622)	(26,405)		(308,027)
Net book value	**36,474**			**29,646**
General equipment, fixtures and fittings				
Gross	949,721	3,734		953,455
Amortization and depreciation	(444,513)	(95,726)		(540,239)
Net book value	**505,208**			**413 216**
Office equipment and computers				
Gross	25,041	32,627		57,668
Amortization and depreciation	(21,184)	(6,122)		(27,306)
Net book value	**3,857**			**30,362**
Assets under construction				
GRAND TOTAL				
Gross	**2,066,322**	418,691	(142,340)	**2,342,673**
Amortization and depreciation	**(1,294,892)**	(234,834)	-	**(1,529,726)**
Net book value	**771,430**	**183,857**	**(142,340)**	**812,947**

7.3 Non-current financial assets

in euros	12.31.2013	12.31.2014
Security deposits and bonds	82,908	81,814
Total other non-current financial assets	**82,908**	**81,814**

7.4 Inventories

in euros	12.31.2014	12.31.2013
Production inventory	122,936	55,848
Laboratory inventory	75,420	82,391

Total Inventory	**198,356**	**138,238**

7.5 Other current assets

in euros	12.31.2014	12.31.2013
Research Tax Credit	1,523,688	1,366,656
Tax receivables (VAT, etc.) and other receivables	494,271	233,151
Prepayments	216,779	101,067
Other subsidies to be received	-	-
Other current assets	**2,234,738**	**1,700,874**

7.6 Cash and cash equivalents

in euros	12.31.2014	12.31.2013
Cash and cash equivalents	36,988,436	15,112,523
Bank overdrafts	-	-
Net cash on hand and at bank	**36,988,436**	**15,112,523**

The cash position is composed of the following items:

- At 12/31/2014:
  - €3.0 M in money market funds,
  - €1.9 M in current accounts,
  - €32.0 M in term deposits distributed between 3 banking institutions, with maturities of 1 month to 3 years, but available without penalty subject to a 32-day notice.
- As of 12/31/2013: €12.1 million in cash, €1 million in a term deposit (1 month maturity), and €2 million in an account with a 6-month guaranteed rate of return.

Liquidity agreement

On April 30, 2013, the Group signed a liquidity agreement with the company Bryan Garnier for an amount of 600,000 Euros. The agreement was since reduced, in April 2014, to €200,000. At December 31, 2014, the Group held under mandate, within the scope of the liquidity agreement, €251,102 in cash included in the net cash position (€0 at December 31, 2013).

7.7 Shareholders' equity

At December 31, 2013, the capital of the parent company was broken down into 5,558,952 shares, fully paid up, with a nominal value of 0.1 euro.
Following a new rising of funds on the Euronext market in October 2014, as well as the exercise of subscription warrants, the capital was increased to 6,882,761 shares with a nominal value of 0.1 euro.

	Number of shares
Number of shares as of December 31, 2013	**5,558,952**
Exercise of share warrants	99,320
Issuance of new shares on Euronext	1,224
	489
Number of shares as of December 31, 2014	**6,882,761**

The costs for listing on the regulated market were allocated to the issue premium.

At December 31, 2014, the Group held, under mandate within the scope of the liquidity agreement signed with Bryan Garnier, 4,500 company shares at a weighted price of €28.00, i.e., €126,006 (52,935 shares at a weighted price of €11.34, i.e., €599,573 at December 31, 2013).

Basic earnings per share and diluted earnings per share

in euros	12.31.2014	12.31.2013
Net income	(8,860,036)	(8,144,721)
Weighted number of shares for the period	5,874,794	4,686,150
Basic earnings per share	**(1.51)**	**(1.74)**
Diluted earnings per share	**(1.51)**	**(1.74)**

At December 31, 2014, the 452,180 potential shares that could be issued within the scope of exercising subscription warrants issued were not taken into consideration in calculation of the diluted earnings, as their effects would be anti-dilutive.

7.8 Provisions

The provisions can be broken down in the following manner:

in euros	12.31.2014	12.31.2013
IDR provisions	88,594	117,144
Provisions for disputes.	-	-
Provisions	**88,594**	**117,144**

The regime applicable at Erytech Pharma SA is defined by the collective agreement for the pharmaceutical industry.

The Group recognizes actuarial differences under other items of comprehensive income. The pension commitments are not covered by plan assets. The portion of the provision for which the maturity is less than one year is not significant.

The calculation assumptions for measuring the provision concerning employees are as follows:

	12.31.2014	12.31.2013
Discount rate	1.49%	3.17%
Wage increase	2%	3%
Social welfare contribution rate	Non-executive 44% Executive 54%	Non-executive 47% Executive 55%
Age of retirement:	65-67 years	65-67 years
Mortality table	INSEE 2014	INSEE 2013

The breakdown of provisions is as follows:

in euros	BEGINNING	Other*	Provisions	Unused reversals	Used reversals	ENDING
Period from 01.01 to 12.31.2014						
IDR provision	117,144	(28,550)				88,594
Provision for disputes.	-					-
Net closing balance	**117,144**	**(28,550)**				**88,594**
Period from 01.01 to 12.31.2013						
IDR provision	97,098	20,046				117,144
Provision for disputes.	106,665			106,665		-
Net closing balance	**203,763**	**20,046**		**106,665**		**117,144**

* The "Other movements" correspond to actuarial differences recognized.

7.9 Debt

Debt by type

in euros	12.31.2014	12.31.2013
Debt associated with leases	220,376	303,217
Bank overdrafts	-	-
Conditional advances	549,161	693,669
Convertible bonds	-	-
Loans	-	15,000
Debt	**769,537**	**1,011,886**

Debt by maturity

in euros	2014		
	Amounts due		TOTAL
	Less than one year	More than one year	
Loans			
Conditional advances			-
Debt associated with leases	257,500	291,661	549,161
Convertible bonds			
Bank overdrafts	76,002	144,374	220,376
			-
Total loans	**333,502**	**436,035**	**769,537**

in euros	2013		
	Amounts due		TOTAL
	Less than one year	More than one year	
Loans	15,000		15,000
Conditional advances	144,502	549,167	693,669
Debt associated with leases			
Convertible bonds	82,841	220,376	303,217
Bank overdrafts	-	-	-
Total loans	**242,343**	**769,543**	**1,011,886**

The conditional advances from public authorities form the object of agreements with BPI FRANCE. The Group benefits from three agreements on repayable advances with BPI FRANCE Innovation. These advances are not interest-bearing and are 100% repayable (nominal value) in the event of technical and/or commercial success.

Within the IFRS framework, the fact that a repayable advance does not require an annual interest payment amounts to the consideration that the Group has benefited from a zero-interest loan, i.e., more favorable than market conditions. The difference between the amount of the advance at its historical cost and that of the advance discounted at the risk-free rate (10 year OAT) increased by an estimated credit spread is considered as a grant received from the State. These grants are distributed over the estimated duration of the projects financed by these advances.

The portion of the conditional advances at more than one year is recorded under financial debts - non-current portion, while the portion at less than one year is recorded under financial debts - current portion.

Since its creation, the Group has received 3 advances from BPI FRANCE, repayable under certain conditions, the main terms of which are presented below:

- **BPI FRANCE/PANCREAS**

The first assistance, granted by BPI FRANCE, for a total amount of €735,000, concerns the program for the "development of a new treatment against pancreatic cancer through the administration of allogenic red blood cells incorporating L-asparaginase".

This assistance was distributed in 3 phases:

- €294,000 upon signature of the agreement (paid in 2008)
- €294,000 upon calls for funds (paid in 2010)

- balance upon completion of work with end of program identified by BPI FRANCE (paid in 2011)

The repayment of this conditional advance will be made according to a fixed payment schedule that will end at the latest on 06/30/2016.

The Group has undertaken to repay the entirety of the loaned amount according to the following payment schedule:

- €100,000 at the latest on June 30, 2013
- €150,000 at the latest on June 30, 2014
- €225,000 at the latest on June 30, 2015
- €260,000 at the latest on June 30, 2016.

- **BPI FRANCE FEDER**

The second assistance, granted by BPI FRANCE FEDER, which provided for a total amount of €135,000, concerns a program for the "preclinical validation of the encapsulation of interfering RNA for therapeutic use in red blood cells, notably to limit inflammation of the cirrhotic liver and/or prevent the development of hepatocellular carcinomas".

This assistance provided for distribution in 4 phases:

- €40,500 upon signature of the agreement (paid in 2009)
- €40,500 upon calls for funds (paid in 2010)
- €27,000 upon calls for funds
- balance upon completion of work with end of program identified by BPI FRANCE.

The Group will have received €81,000 from BPI FRANCE/FEDER under this program. As the work corresponding to the FEDER assistance is currently terminated, the Group will not receive the last two payments of €27,000.

The repayment of this conditional advance will be made according to a fixed payment schedule that will end at the latest on June 30, 2016.

The Group has undertaken to repay the entirety of the loaned amount according to the following payment schedule:

- €7,500 at the latest on September 30, 2013
- €7,500 at the latest on December 31, 2013
- €7,500 at the latest on March 31, 2014
- €7,500 at the latest on June 30, 2014
- €9,250 at the latest on September 30, 2014
- €9,250 at the latest on December 31, 2014
- €9,250 at the latest on March 31, 2015
- €9,250 at the latest on June 30, 2015
- €14,000 at the latest on September 30, 2015.

- **BPI FRANCE/TEDAC:**

The third assistance, granted by BPI FRANCE within the scope of the TEDAC project, is for a total amount of €4,895,052. This assistance is distributed upon completion of the following key milestones:

- €62,607 upon signature of the agreement (paid in 2012)
- the remainder upon calls for funds in function of the key milestones.

The Group undertakes to repay BPI FRANCE initially:

a) a sum of €5,281,000 upon achieving a cumulative amount of before-tax sales revenue equal to or greater than 10 million Euros, according to the following payment schedule:

- €500,000 at the latest on June 30 of the first year in which this cumulative sales revenue is achieved,
- €750,000 at the latest on June 30 of the second year,
- €1,500,000 at the latest on June 30 of the third year,
- €2,531,000 at the latest on June 30 of the fourth year,

b) and, where applicable, an annuity equal to 50% of the income generated through the sale of intellectual property rights resulting from the project, within the limit of a total repayment of €5.3 million.

In a second phase, where the cumulative sales revenue reaches €60,000,000, the Group undertakes to pay BPI FRANCE a sum of 2.5% of the sales revenue generated by development of the products resulting from the project, within the limit of a total repayment of €15M over 15 years.

7.10 Other liabilities

in euros	12.31.2014	12.31.2013
Other current liabilities		
Taxation and social security	970,629	815,617
Deferred income	368,436	648,854
Other payables	500,593	347,388
Other current liabilities	**1,839,658**	**1,811,859**

7.11 Related parties

Gil Beyen, Pierre Olivier Goineau, and Yann Godfrin are the Group directors; Jérome Bailly is the Group's head pharmacist. The other related parties are members of the board of directors.

For 2014 in euros	Total gross compensation	Fixed portion	Variable or exceptional portion	In-kind benefits (excluding GSC)	Net attendance fees	Fees, net of outlays	Optional unemployment scheme GSC
Gil Beyen	€338,168	€244,000	€91,500	€2,668			
Pierre-Olivier Goineau	€252,922	€175,783	€67,500	€4,020			€5,619
Yann Godfrin	€252,768	€175,550	€67,500	€4,099			€5,619
Jérôme Bailly	€69,258	€60,755	€5,172	€3,331			
Galenos sprl *	€1,000				€1,000		
Sven Andreasson	€19,476				€19,476		
Philippe Archinard	€20,476				€20,476		
Hilde Windels	€9,024				€9,024		
Martine George	€10,024				€10,024		

For 2014 in euros	Total warrants allocated end 2013	warrants allocated in 2014	warrants exercised in 2014	Balance end 2014	Fair Market Value of warrants allocated in 2014
	by number				by value
Gil Beyen	5,632	7,631	3,400	9,863	€513,960
Pierre-Olivier Goineau	4,993	3,515	-	8,508	€220,482
Yann Godfrin	4,993	3,515	-	8,508	€234,127
Jérôme Bailly	943	515	500	958	€39,166
Galenos sprl *	-			-	
Sven Andreasson	1,288	500	1,788	-	€38,025
Philippe Archinard	837	500	1,337	-	€38,025
Hilde Windels	-			-	
Martine George	-			-	

* Company controlled by Mr. Sven Andreasson

For 2013, in euros	Total gross compensation	Fixed portion	Variable or exceptional portion	In-kind benefits (excluding GSC)	Net attendance fees	Fees, net of outlays	Optional unemployment scheme GSC
Gil Beyen	€164,736	€164,736					
Gil Beyen BVBA	€87,500					€87,500	
Pierre-Olivier Goineau	€251,007	€165,771	€75,000	€4,351			€5,885
Yann Godfrin	€251,110	€164,996	€75,000	€5,229			€5,885
Jérôme Bailly	€62,644	€55,293	€5,000	€2,351			
Galenos sprl *	€5,250					€5,250	
Sven Andreasson	€12,958				€12,958		
Philippe Archinard	€13,083				€13,083		
Marc Beer	€8,333				€8,333		
Alain Maiore							
Auriga Partners	€120,000					€120,000	
IDInvest Partners	€120,000					€120,000	

For 2013, in euros	Total warrants allocated end 2012	warrants allocated in 2014	warrants exercised in 2013	Balance end 2013	Fair Market Value of warrants allocated in 2013
	by number				by value
Gil Beyen		5,632		5,632	€239.811
Gil Beyen BVBA					
Pierre-Olivier Goineau	2,478	2,515		4,993	€107,089
Yann Godfrin	2,478	2,515		4,993	€107,089
Jérôme Bailly	428	515		943	€21,929
Galenos sprl *					
Sven Andreasson	1,033	255		1,288	€10,858
Philippe Archinard	684	153		837	€6,515
Marc Beer	1,033	51	1,084		€2,172
Alain Maiore	816		816		

* Company controlled by Mr. Sven Andreasson

The Group has no further related parties.

7.12 Financial instruments recorded in the balance sheet and effect on results

12/31/2014 in euros		Balance sheet value	Fair market value by earnings	Loans and receivables	Debt at amortized cost	Fair market value
Non-current financial assets	(1)	81,814		81,814		81,814
Other current assets	(1)	2,234,738		2,234,738		2,234,738
Cash and cash equivalents	(2)	36,988,436	36,988,436			36,988,436
						-
Total financial assets		**39,304,988**	**36,988,436**	**2,316,552**	**-**	**39,304,988**
Financial liabilities - Non-current portion	(1)	436,035			436,035	436,035
Financial liabilities - Current portion	(1)	333,502			333,502	333,502
Trade payables & related accounts	(1)	2,084,546			2,084,546	2,084,546
						-
Total		**2,854,083**	**-**	**-**	**2,854,083**	**2,854,083**

12/31/2013 in euros		Balance sheet value	Fair market value by earnings	Loans and receivables	Debt at amortized cost	Fair market value
Non-current financial assets	(1)	82,908		82,908		82,908
Other current assets	(1)	1,700,874		1,700,874		1,700,874
Cash and cash equivalents	(2)	15,112,523	15,112,523			15,112,523
						-
Total financial assets		**16,896,305**	**15,112,523**	**1,783,782**	**-**	**16 896 305**
Financial liabilities - Non-current portion	(1)	730,545			730,545	730,545
Financial liabilities - Current portion	(1)	281,341			281,341	281,341
Trade payables & related accounts	(1)	1,421,436			1,421,436	1,421,436
						-
Total		**2,433,323**	**-**	**-**	**2,433,323**	**2,433,323**

(1) The book value of these assets and liabilities is a reasonable approximation of their fair value.

(2) Fair value at level 2

8 MANAGEMENT OF MARKET RISK

Exchange rate risk

The Group uses the Euro as its reference currency within the scope of its disclosures and financial communications. However, a significant portion, in the amount of 10% of its operating expenses, is denominated in US dollars (agency office in Philadelphia, collaborations relating to the production of clinical batches with the American Red Cross, business development consultants, consultants for the development of clinical trials in the United States, and various collaborations around tests and clinical projects in the United States).

To date, the Group has not opted to use active hedging techniques, and has not made recourse to derivative instruments to this end. Unfavorable exchange rate fluctuations between the euro and the dollar that are difficult to predict could affect the financial position of the Company.

This dependency will increase, as the Group will perform clinical trials in the USA and, in the longer term, sell on this market. The Group will opt to use exchange rate hedging techniques.

Expenses in US Dollars totaled $949,232 during the 2014 financial year. The counter-values recorded in the accounts totaled €714,807 in relation to the receipt of invoices and price fluctuations. This represents an average annual rate of $1.328 per €1 ($1.324/€ on average in 2013).

However, the EUR/USD rate fell considerably at the period end, reaching $1.2141 per €1 at December 31, 2014.

The Group purchased 1 million dollars at the rate of $1.2197 per €1 during December 2014.

The exchange rate differences are not significant for the periods presented.

Liquidity risk

The Group has been structurally loss-generating since its creation. The net cash flows associated with the Group's operating activities were respectively -7.2 million Euros at December 31, 2014 and -6.5 million Euros at December 31, 2013.

Historically, the Group has financed its growth by strengthening its shareholders' equity in the form of capital increases and the issue of convertible bonds. The capital increase associated with its introduction on the stock market in May 2013, as well as the operation renewed in 2014, enables the Group to ensure its business continuity over several years.

The remaining contractual maturities of financial liabilities are broken down as follows (including interest payments):

in euros	2014			
	Book value	Contractual cash flows		
		Total	Less than 1	1 to 5 years
Loans				
Conditional advances	549,161	(580,107)	(257,500)	(322,607)
Debt associated with leases				
Convertible bonds	220,376	(230,183)	(80,702)	(149,481)
Bank overdrafts				
Trade payables and related accounts				
	2,084,546	(2,084,546)	(2,084,546)	
Total	**2,854,083**	**(2,894,836)**	**(2,422,748)**	**(472,088)**

in euros	2013			
	Book value	Contractual cash flows		
		Total	Less than 1	1 to 5 years
Loans	15,000	(15,499)	(15,499)	-
Conditional advances	693,669	(763,607)	(183,500)	(580,107)
Debt associated with leases				
Convertible bonds Bank	303,217	(319,826)	(89,643)	(230,183)
overdrafts	-	-	-	-
Trade payables and related accounts	-	-	-	-
	1,421,436	(1,421,436)	(1,421,436)	
Total	**2,433,322**	**(2,520,368)**	**(1,710,078)**	**(810,290)**

9 OFF-BALANCE SHEET COMMITMENTS

Clinical trials

The costs associated with clinical trials are recognized as expenses as and when they are sustained.

Each patient included results in an obligation for Erytech to sustain certain costs whether or not the study continues, and to do so in addition to the expenses already incurred. When a patient is recruited, the Group establishes a provision to cover all the costs sustained to continue the clinical trial.

The remainder of the costs sustained leading up to the end of the clinical trial (patients not yet recruited) are monitored off-balance sheet.

12/31/2014 in Keuros		**ERYTECH contractual commitment**		
Clinical trial name	**Accrued payables, tax incl.**	**Definite accrued payables**	**Uncertain (Off-balance sheet, net of taxes)**	**Comment**
2007/04	-	-	-	Trial ended
2008/02	-	-	-	Trial ended
2009/06	200	-	-	Trial ended
2012/09	41	-	1,014	Recruitment begun
2012/10	4	-	-	Recruitment begun
2013/03	256	-	4,526	Recruitment begun
	Accrued payables		**off-balance sheet**	
	501		**5,539**	

12/31/2013 in Keuros		**ERYTECH contractual commitment**		
Clinical trial name	**Accrued payables, tax incl.**	**Definite accrued payables**	**Uncertain (Off-balance sheet, net of taxes)**	**Comment**
2007/04	-	-	-	Trial ended
2008/02	-	-	-	Trial ended
2009/06	347	-	-	Recruitment ended
2012/09	-	-	-	Recruitment not begun
2012/10	-	-	-	Recruitment not begun
2013/03	-	-	-	Recruitment not begun
	Accrued payables		**off-balance sheet**	
	347		**-**	

The off-balance sheet commitments relating to simple leases total €687,000 and essentially correspond to the lease of buildings. The maturities on these expenses are as follows:

Less than 1 year: €397,000
Between 1 year and 5 years: €290,000
More than 5 years: €0

10 AUDITORS' FEES

For the 2014 financial year, the auditor fees paid on the financial year totaled:

- within the scope of its legal term of office: €95,000, excluding out-of-pocket expenses,
- within the scope of the capital increase by the parent company: €12,000

2. CORPORATE FINANCIAL STATEMENTS PREPARED (FRENCH STANDARDS) FOR THE YEAR ENDED DECEMBER 31, 2014

Statement of Assets

Period from 01/01/14 to 12/31/14

ERYTECH PHARMA

HEADINGS	GROSS	Amortization	Net (N) 12/31/2014	Net(N-1) 12/31/2013
UNCALLED SHARE CAPITAL				
INTANGIBLE ASSETS				
Start-up costs				
Development costs				
Licenses, Patents, and similar rights	134,975	104,025	30,951	14,277
Business goodwill				
Other intangible assets				
Advances and payments on intangible assets				
TOTAL intangible assets	**134,975**	**104,025**	**30,951**	**14,277**
TANGIBLE FIXED ASSETS				
Land				
Buildings				
Plant, equipment, and industrial tooling	617,457	346,398	271,059	29,646
Other tangible assets	1,034,501	671,695	362,806	443,579
Assets under construction	112,480		112,480	20,000
Advances and deposits				
TOTAL tangible assets	**1,764,438**	**1,018,093**	**746,345**	**493,225**
INVESTMENTS				
Investments in companies counted using the equity method				
Other participating interests	1		1	
Receivables relating to participating interests				
Other investments				
Loans				
Other long-term financial investments	458,923		458,923	581,873
TOTAL Investments	**458,924**		**458,924**	**581,873**
NONCURRENT ASSETS	**2,358,337**	**1,122,117**	**1,236,220**	**1 089 375**
INVENTORY AND WORKS IN PROGRESS				
Raw materials and supplies	198,356		198,356	138,238
Inventory of in-process goods				
Inventory of in-process services				
Inventory of intermediate and finished goods				
Inventory of goods for resale				
TOTAL Inventory	**198,356**		**198,356**	**138,238**
RECEIVABLES				
Advances and payments on account				429
Trade receivables	104,870		104,870	87,192
Other receivables	2,128,962		2,128,962	1,716 965
Called up share capital, not paid				
TOTAL receivables:	**2,233,832**		**2,233,832**	**1,804,586**
MISCELLANEOUS CASH AT BANK AND IN HAND				
Marketable securities	3,000,583		3,000,583	
Cash at bank and in hand	33,654,518		33,654,518	15,112,523
Prepayments	216,779		216,779	101,067
TOTAL Miscellaneous cash at bank in hand:	**36,871,880**		**36,871,880**	**15,213,590**
CURRENT ASSETS	**39,304,069**		**39,304,069**	**17,156,414**
Debt issuance costs to be spread out				
Bond redemption premiums				
Translation difference - debit balance				
TOTAL ASSETS	**41,662,406**	**1,122,117**	**40,540,288**	**18,245,790**

Statement of Liabilities

Period from 01/01/14 to 12/31/14

ERYTECH PHARMA

HEADINGS			Net (N) 12/31/2014	Net (N-1) 12/31/2013
NET FINANCIAL POSITION				
Individual or share capital	(including paid:	688,276	688,276	555,895
Issuance, merger, contribution premiums, etc.			71,375,715	42,335,338
Revaluation difference	including difference the equity method			
Legal reserve				
Reserves required by articles of association or contract				
Regulated reserves				
Other reserves				
Carry forward			(28,774,932)	(22,295,938)
FY profit(loss)			(7,283,237)	(6,478,994)
		TOTAL Net financial position:	**36,005, 821**	**14,116,301**
INVESTMENT SUBSIDIES				
REGULATED PROVISIONS				
		SHAREHOLDERS' EQUITY	**36,005,821**	**14,116,301**
Proceeds from the issuance of equity securities				
Conditional advances			580,107	763,607
		OTHER SHAREHOLDERS' EQUITY	**580,107**	**763,607**
Provisions for liabilities				
Provisions for charges				
		PROVISIONS FOR LIABILITIES AND CHARGES		
DEBT				
Convertible bonds				
Other bonds				
Bank loans and overdrafts				15,000
Miscellaneous other loans and advances				
		TOTAL debt:		**15,000**
ADVANCES AND DEPOSITS RECEIVED ON CONTRACTS				
OTHER LIABILITIES				
Trade payables and related accounts			2,096,901	1,524,652
Taxation and social security			988,430	829,988
Liabilities on fixed assets and related				
Other payables			500,593	347,388
		TOTAL miscellaneous debt:	**3,585,925**	**2,702,028**
DEFERRED INCOME			368,436	648,854
		DEBTS	**3,954,360**	**3,365,881**
Translation differences - liabilities				
		GRAND TOTAL	**40,540,288**	**18,245,790**

Income Statement (Part One)

Period from 01/01/14 to 12/31/14

ERYTECH PHARMA

HEADINGS	France	Export	Net (N) 12/31/2014	Net (N-1) 12/31/2013
Sale of goods purchased for resale				
Production of goods sold				
Services sold	791,853		791,853	483,964
Net sales	**791,853**		**791,853**	**483,964**
Production taken to inventory				
Production capitalised				
Operating subsidies			271,231	294,150
Reversals of provisions and amortization, transfers of charges			39,754	133,225
Other earnings			10,294	464
OPERATING INCOME			**1,113,132**	**911,804**
EXTERNAL CHARGES				
Purchases of goods for resale (including customs duties)				
Change in inventory of goods for resale				
Purchases of raw materials and other consumables			613,929	578,915
Change in inventory [raw materials and consumables]			(60,118)	(22,255)
Other purchases and external charges			5,866,460	4,308,504
TOTAL external charges:			**6,420,271**	**4,865,164**
TAXES (OTHER THAN CORPORATION TAX)			66,537	38,114
EMPLOYEE CHARGES				
Wages and salaries			2,359,456	2,475,736
Social security charges			1,211,628	1,192,720
TOTAL employee charges:			**3,571,084**	**3,668,456**
PROVISIONS FOR OPERATIONS				
Charges to impairment of non-current assets			151,645	152,578
Charges to provisions of non-current assets				
Charges to provisions on current assets				
Provisions for liabilities and charges				
TOTAL operating provisions:			**151,645**	**152,578**
OTHER OPERATING CHARGES			88,250	43,325
OPERATING CHARGES			**10,297,787**	**8,767,638**
OPERATING PROFIT(LOSS)			**(9,184,655)**	**(7,855,834)**

Income Statement (Part Two)

ERYTECH PHARMA

Period from 01/01/14 to 12/31/14

HEADINGS	Net (N) 12/31/2014	Net (N-1) 12/31/2013
OPERATING PROFIT(LOSS)	**(9,184,655)**	**(7,855,834)**
Allocated profit or transferred loss		
Loss borne or profit transferred		
FINANCIAL INCOME		
Financial income from participating interests		
Income from other securities and receivables from noncurrent assets		
Other interest and similar income	317,545	534,771
Reversals of provisions, transfers of charges	100,607	
Foreign exchange gains	605	3,195
Net proceeds from the disposal of marketable securities	513	
	419,270	**537,966**
FINANCIAL CHARGES		
Financial allocations for amortization and provisions		100,607
Interest and similar charges	499	438,881
Foreign exchange losses	24,867	2,700
Net charges from the disposal of marketable securities		
	25,367	**542,188**
NET FINANCIAL INCOME(LOSS)	**393,903**	**(4,222)**
EARNINGS BEFORE INCOME TAX	**(8,790,751)**	**(7,860,056)**
NON-RECURRING INCOME		
Non-recurring income on revenue transactions	201	27,829
Non-recurring income on capital transactions		
Reversals of provisions and transfers of charges		
	201	**27,829**
NON-RECURRING CHARGES		
Non-recurring charges on revenue transactions	15,605	13,423
Non-recurring charges on capital transactions	770	
Non-recurring allocations for amortization and provisions		
	16,375	**13,423**
NONRECURRING PROFIT (LOSS)	**(16,174)**	**14,406**
Employee profit sharing		
Income taxes	(1,523,688)	(1,366,656)
TOTAL INCOME	**1,532,603**	**1,477,599**
TOTAL CHARGES	**8,815,841**	**7,956,593**
PROFIT OR LOSS	**(7,283,237)**	**(6,478,994)**

Appendix to the balance sheet prior to annual distribution, characterized by:

- total from statement of financial position in €: €40,540,288.21
- sales revenue in €: €791,852.77
- net book results in €: (€7,283,237.28)

The financial year had a duration of 12 months, covering the period from 01/01/2014 to 12/31/2014.

The notes and tables presented below form an integral part of the annual financial statement.

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1 FACTS CHARACTERISTIC OF THE FISCAL YEAR

In October 2014, the company successfully raised €30 M, pertaining to a total of 1,224,489 new shares issued within the scope of a capital increase, with suppression of the preferential subscription right, reserved for investors regularly investing in securities specific to the fields of health care, representing approximately 17.8% of the number of shares in circulation (post-issue).

The issue price was set at 24.50 Euros per share, in compliance with resolution no. 10 of the mixed general shareholders' meeting of June 17, 2014. This price reflects a 3.5% reduction as compared to the weighted average of the Company's share price in the last five trading sessions prior to establishing the price, i.e., 25.39 Euros. In total, 80% of the issue was performed internationally, with 68% in the United States.

Prior to this, the company had announced the positive Phase III results on its clinical study with GRASPA® in the treatment of AML. Analysis of the data from the GRASPIVOTALL clinical trial (GRASPALL2009-06), after one year of monitoring, demonstrates that the study convincingly achieved its primary objectives, and its secondary objectives confirm a favorable profile for the clinical efficacy of GRASPA®. The study also shows favorable results in patients with histories of allergies to L-asparaginase.

During the financial year, the company also recruited the first patient for its Phase II study on pancreatic cancer in Europe, as well as its first patient for its Phase I/II study in the United States.

The company announced the positive opinion by its second committee of independent experts (DSMB) for its Phase IIb study on AML. The independent experts analyzed the tolerance data for the first 60 patients treated, and as with the first DSMB committee review on 30 patients, continuation of the study was unanimously confirmed, without requesting any modifications to the study or formulating any particular observations.

The company likewise obtained Orphan Drug Designation from the FDA for its product ERY-ASP in the treatment of AML in the United States.

The company created its subsidiary "ERYTECH PHARMA Inc." in the USA in April 2014. The Company then proceeded to appoint the firm RSM-CCI Conseils as co-Statutory Auditors in the AGM

of June 17, 2014. At June 30, 2014, the Group's financial statements were supplemented, for the first time, by consolidation of the 100% held American subsidiary.

2 SIGNIFICANT EVENTS SUBSEQUENT TO YEAR-END

Pierre-Olivier Goineau, co-founder of the company ERYTECH Pharma SA, Delegated Managing Director, member of the Board of Directors, and Deputy Chairman, submitted his resignation from all his positions within the company ERYTECH PHARMA SA at the end of the parent company's Board of Directors' meeting of January 11, 2015. Mr. Goineau remains treasurer and secretary of the American subsidiary ERYTECH PHARMA Inc.

3 BUSINESS CONTINUITY

The Company's loss-making situation is explained by the innovative nature of the products developed, therefore involving a multi-year research and development phase. The general accounting conventions were applied in compliance with the principle of prudence, in accordance with the underlying assumptions of:
- business continuity,
- permanence of accounting methods from one year to the next,
- independence of fiscal years,

and in accordance with the general rules for the preparation and presentation of annual financial statements.

4 ACCOUNTING PRINCIPLES AND METHODS

4.1 General principles and conventions

The annual financial statement was prepared and presented in accordance with the accounting rules in effect in France, in compliance with the principle of prudence and the independence of fiscal years, and within the assumption of business continuity.

The basic method adopted for measuring the items recorded in the accounts is the historical cost method.

The accounting conventions were applied in conformity with the provisions of the Code of Commerce, the accounting decree of November 29, 1983, as well as CRC Regulations no. 2000-06, no. 2004-06, and no. 2002-10, and of ANC Regulation no. 2014-03 of June 5, 2014 relative to the general chart of accounts.

4.2 Permanence of methods

No changes in accounting regulations or accounting methods took place during the financial year ended December 31, 2014.

4.3 Other accounting principles

The primary other methods used are as follows:

INTANGIBLE ASSETS

The intangible assets are measured at their capitalized cost or at their production cost.

R&D costs are recognized based on the following method in the research phase:
- No intangible assets resulting from research can be recognized,
- Research expenses (or expenses for the research phase of an internal project) must be recognized as expenses as and when they are incurred,
- Intangible assets are recognized if, and only if, the company can demonstrate:
    * technical feasibility,
    * the intention and capacity to complete the asset or to sell it,
    * the manner in which the intangible asset will generate probable future economic benefits,
    * the availability of resources to complete the development, use, or sell the intangible asset,
    * the capacity to reliably measure the expenses ascribable to the intangible asset or during its development.

The balance of the research and development costs item is zero on the balance sheet. In effect, not all of the criteria for recognition under intangible fixed assets have been met, and the corresponding expenses have therefore been kept under operating expenses.

TANGIBLE FIXED ASSETS

The tangible fixed assets are measured at their purchase cost (purchase price and accessory costs, excluding costs for the purchase of assets) or at their production cost.

The amortizations for impairment are calculated according to the straight-line or decreasing charge method in function of anticipated lifetime:

- Licenses, software, patents	1 to 10 years
- Technical systems	3 to 10 years
- Industrial equipment and infrastructure	1 to 5 years
- Office equipment and furniture	3 to 5 years

PARTICIPATING INTERESTS, OTHER SECURITIES, TERM INVESTMENTS

The gross value is composed of the purchase cost excluding accessory expenses. Where the current value is lower than the gross value, a provision for impairment is established in the amount of the difference.

INVENTORIES

Inventories are measured according to the FIFO method.

The gross value of merchandise and supplies includes the purchase price and the accessory expenses.

Manufactured products are valued at their production cost, including consumption and direct and indirect production expenses, the amortization of assets involved in production. The cost of the sub-activity is excluded from the value of inventories.

A provision for the impairment of inventories, equal to the difference between the gross value determined based on the above-indicated methods and the spot price or the realizable value less the proportional sales costs, is made where this gross value is greater than the other value given.

RECEIVABLES

Receivables are valued at their nominal value. A provision for impairment is made where the current value is lower than the book value.

CONVERTIBLE BONDS

The accounting method for convertible bonds is that entitled "two separate transactions," i.e., the bond, non-conversion premium included, is recorded under the liabilities in the balance sheet, and the non-conversion premium is recorded under the assets.

The non-conversion premium is then amortized proportionately to the accrued interest.

RECOGNITION OF GRANT INCOME

The grant income is recognized, where it is granted, upon its collection.

According to the matching principle, the corresponding pace of spending is taken into account and, where applicable, a portion of the grant is recorded under "deferred revenue" where the grant agreement explicitly stipulates the expenses that must be incurred. Vice-versa, an accrual is recorded where the expenses incurred allow for recognition of a portion of the grant receivable.

The company therefore records a deferred income corresponding to the portion of the grant received corresponding to expenses not incurred.

CONDITIONAL ADVANCES

The advances received from the State generally contain a portion in grants for which repayment is not required, and a portion repayable in the event of technical or commercial success, classified as conditional advances.

Conditional advances are presented in the balance sheet under the item "Other shareholders' equity" where a doubt exists regarding the technical or commercial success.

A public grant to be received either in compensation for the expenses or losses already incurred, or in the form of immediate financial support to the Company with no related future costs, is recognized under income for the financial year during which the expenses relating to the program in question are incurred.

CLINICAL TRIALS

The costs associated with clinical trials are recognized as expenses as and when they are sustained.

Each patient included results in an obligation for ERYTECH to sustain certain costs whether or not the study continues, and to do so in addition to the expenses already incurred. When a patient is recruited, the company establishes a provision to cover all the costs sustained to continue the clinical trial over a one-year horizon.

The remainder of the costs sustained leading up to the end of the clinical trial (patients not yet recruited) are monitored off-balance sheet.

PROVISIONS

A provision for risks and liabilities is recorded where an equity item has a negative economic value for the entity, which translates into an obligation in relation to a third party for which it is probable or certain that it will result in an outflow of resources to the benefit of this third party, without an at least equivalent compensation anticipated by this third party.

TRANSACTIONS WITH RELATED PARTIES THAT HAVE NOT BEEN PERFORMED UNDER NORMAL MARKET CONDITIONS

No transactions of this nature were performed during the fiscal year.

PENSION AND RETIREMENT COMMITMENTS

The company has signed no special agreements relating to retirement commitments.
These commitments are therefore limited to the contractual retirement indemnity. No provision for liabilities was recognized in relation to this fiscal year.

The method adopted is the projected unit credit method (or the accrual of rights method).

The technical assumptions used are the following:
Age of retirement: 65-67 years
Average turnover (non-management), high turnover (management)
Evolution of wages: management and non-management at 2%
INSEE 2014 mortality table
Discount rate: IBOXX Corporates AA rate of 1.49% at December 2014
Employer contribution rate adopted: 50% (non-management) and 54% (management and directors).

TAX CREDIT FOR COMPETITION AND JOBS ("CREDIT D'IMPOT POUR LA COMPETITIVITE ET L'EMPLOI" - CICE)

The tax credit for competition and jobs (CICE) is a tax benefit for companies with employees and is equivalent to a decrease in their social security contributions.

The CICE must be allocated to the corporate tax due for the year in which the remuneration taken into account for calculation of the CICE was paid.

According to the ANC [French accounting standards authority] guidelines, the Company recognizes the CICE as a credit in the sub-account dedicated to account 64 "Personnel expenses."

5 ADDITIONAL INFORMATION PERTAINING TO THE BALANCE SHEET

INTANGIBLE ASSETS

The amount of research costs recognized as expenses for the year and not activated total €4,886,273.

FINANCIAL ASSETS

The Company has stipulated a liquidity agreement with the company Bryan Garnier with a view to encouraging the liquidity of transactions and the regularity of share prices, as well as avoiding discrepancies in share price that are not warranted by market trends.

To this end, the company established an initial credit in the liquidity account of €600,000, which was reduced in March 2014 by €400,000 to reach €200,000.

The company Bryan Garnier reported on its portfolio of Erytech Pharma securities at 12/31/2014, which totaled 4,500 securities valued at an average price of €28.00, i.e., €126,000 (recorded under financial assets).

The available cash balance at 12/31/2014 totaled €251,1023.

The other financial assets are composed of deposits & sureties in the amount of €81,814.

The company holds, in equity securities, 100% of the capital of the subsidiary ERYTECH PHARMA Inc., i.e., 1 USD valued at €0.73.

The company's investment stakes can be summarized as follows:

	Capital	Reserves and retained earnings before allocation of earnings	Proportion of capital held (en %)	Book value of shares held		Loans and advances granted by the company and not yet repaid	Amount of bonds and deposits made by the company	Pretax revenue from the last fiscal year	Earnings (profit or loss of the last fiscal year ended)	Dividends received by the company during the fiscal year	Remarks
				Gross	Net						
A- DETAILED INFORMATION CONCERNING SUBSIDIARIES AND PARTICIPATING INTERESTS											
1. Subsidiary (+50% of the capital owned by the company) - ERYTECH PHARMA Inc.	0.73	0.00	100.00	0.73	0.73	80,847.28	0.00	0.00	-108.72	0.00	
2. Participating interest (10 to 50% of the capital held by the company)											
B - GENERAL INFORMATION ABOUT THE OTHER SUBSIDIARIES AND PARTICIPATING INTERESTS											
1. Subsidiaries not shown in A											
1. French											
2. Foreign											
2. Participating interests not shown in A											
1. French											

Fixed assets

ERYTECH PHARMA

Period from 01.01.14 to 12.31.14

HEADINGS	Gross value start of year	Increases By reevaluation	Acquisitions contributions, creation transfers
INTANGIBLE ASSETS			
Startup and development costs			
Other intangible assets	109,177		25,798
TOTAL Intangible assets:	**109,177**		**25,798**
TANGIBLE FIXED ASSETS			
Land			
Structures on own ground			
Structures on someone else's ground			
General facilities construction			
Mechanical systems and industrial tooling	337,674		279,784
General facilities, plant and tooling	953,455		5,390
Shipping equipment			
Office equipment, computers And furniture	57,668		17,988
Recoverable packaging and other			
Assets under construction	20,000		218,109
Advances and deposits			
TOTAL tangible assets:	**1,368,797**		**521,270**
INVESTMENTS			
Investments in companies counted using the equity methodmises			
Other participating interests			1
Other investments			
Other long-term financial investments	682,481		377,212
TOTAL Investments:	**682,481**		**377,213**
TOTAL ASSETS	**2,160,455**		**924,281**

HEADINGS	Decreases by wire transfer	Decreases by disposals placed Out of service	Gross value end of fiscal year	Legal re-evaluations
INTANGIBLE ASSETS				
Startup and development costs				
Other intangible assets			134,975	
TOTAL intangible assets			**134,975**	
TANGIBLE FIXED ASSETS				
Land				
Structures on own ground				
Structures on someone else's ground				
General facilities construction				
Mech. systems, plant, facilities, and Industrial tools			617,457	
General facilities, tools and other			958,845	
Shipping equipment				
Office equipment, computers and furniture			75,656	
Recoverable packaging and other				
Assets under construction	125,629		112,480	
Advances and deposits				
TOTAL tangible assets	**125,629**		**1,764,438**	
INVESTMENTS				
Investments in companies counted using the equity method				
Other participating interests			1	
Other investments				
Loans and other long-term financial investments		600,770	458,923	
TOTAL Investments		600,770	458,924	
TOTAL ASSETS	**125,629**	**600,770**	**2,358,337**	

Amortization

ERYTECH PHARMA

Period from 01.01.14 to 12.31.14

POSITIONS AND TRANSACTIONS IN THE FISCAL YEAR				
FIXED ASSETS SUBJECT TO AMORTIZATION	**Amount start of year**	**Increases reversals of**	**Decreases provisions**	**Amount end of year**
INTANGIBLE ASSETS				
Startup and development costs				
Other intangible assets	94,900	9,124		104,025
TOTAL intangible assets	**94,900**	**9,124**		**104,025**
TANGIBLE FIXED ASSETS				
Land				
Structures on own ground				
Structures on someone else's ground				
General facilities construction				
Plant, equipment, and industrial tooling	308,028	38,371		346,398
General facilities, tools and other	540,238	95,616		635,854
Shipping equipment				
Office equipment, computers and furniture	27,306	8,535		35,841
Recoverable packaging and other				
TOTAL tangible assets:	**875,572**	**142,521**		**1,018,093**
TOTAL ASSETS	**970 473**	**151 645**		**1 122 117**

BREAKDOWN OF PROVISIONS FOR DEPRECIATION FOR THE FISCAL YEAR			
FIXED ASSETS SUBJECT TO AMORTIZATION	**Straight-line depreciation**	**Declining balance depreciation**	**Amortization - exceptional**
INTANGIBLE ASSETS			
Startup and development costs			
Other intangible assets	104,025		
TOTAL intangible fixed assets:	**104,025**		
TANGIBLE FIXED ASSETS			
Land			
Structures on own ground			
Structures on someone else's ground			
General facilities construction			
Mechanical systems and industrial tooling	346,398		
General facilities, plant and tooling	635,854		
Shipping equipment			
Office equipment, computers And furniture	35 841		
Recoverable packaging and other			
TOTAL tangible assets	**1,018,093**		
Acquisition costs for participating interests			
TOTAL ASSETS	**1,122,118**		

Depreciation (cont.)

Period from 01.01.14 to 12.31.14

ERYTECH PHARMA

TRANSACTIONS AFFECTING PROVISIONS FOR DEPRECIATION TO BENEFIT FROM TAX LAW		
FIXED ASSETS SUBJECT TO AMORTIZATION	**Provisions**	**Reversals**
INTANGIBLE ASSETS		
Startup and development costs		
Other intangible assets		
TOTAL intangible assets		
TANGIBLE FIXED ASSETS		
Land		
Structures on own ground		
Structures on someone else's ground		
General facilities construction		
Mechanical systems and industrial tooling		
General facilities, plant and tooling		
Shipping equipment		
Office equipment, computers And furniture		
Recoverable packaging and other		
TOTAL tangible assets		
Acquisition costs for participating interests		
TOTAL ASSETS		

MOVEMENTS IN FY AFFECTING CHARGES DISTRIBUTED OVER MULTIPLE FISCAL YEARS				
HEADINGS	**Net amount start of year**	**Increases**	**Allocations in The fiscal year for depreciation**	**Net amount end of year**
Debt issuance costs to be spread out				
Bond redemption premiums				

Details of changes in inventory and works in progress

Period from 01.01.14 to 12.31.14

ERYTECH PHARMA

HEADINGS	At the end of the fiscal year	At the start of the fiscal year	Change in inventory	
			Increases	Decreases
Goods for resale				
Inventory resold as is				
Goods for resale				
Provisions				
Provisions inventory				
Raw materials	122,936	55,848	67,088	
Other provisions	75,420	82,391		6,970
TOTAL I	**198,356**	**138,238**	**60,118**	
Production				
Intermediate goods				
Finished goods				
By-products				
TOTAL II				
Work in progress – production				
Income				
Work				
Studies				
Delivery of services				
TOTAL III				
PRODUCTION TAKING TO INVENTORY (or production taken out of inventory) II + III				

The line "Raw materials" concerns the inventory of products dedicated to the production of batches for clinical usage. The increase in activities in 2014 led to a large increase in the related inventory.

The line "Other supplies" concerns the inventory of products dedicated to pre-clinical research.

Statement of Due dates for Receivables and Debts

Period from 01.01.14 to 12.31.14

ERYTECH PHARMA

STATEMENT OF RECEIVABLES	Amount gross	At 1 year at most	At over 1 year
NONCURRENT ASSETS			
Receivables relating to participating interests Loans			
Other long-term financial investments	458,923	377,109	81,814
TOTAL noncurrent assets:	**458,923**	**377,109**	**81,814**
CURRENT ASSETS			
Bad or litigious clients			
Other client receivables	104,870	104,870	
Receivables representing shares loaned or delivered as collateral			
Personnel and associated accounts	167	167	
Social security and other social bodies			
Statement – Income taxes	1,523,688	1,523,688	
Statement – value-added tax	457,513	457,513	
Statement – taxes (other than corporation tax)	45,369	45,369	
Statement- Miscellaneous			
Group and partners	80,847	80,847	
Sundry debtors	21,378	21,378	
TOTAL current assets:	**2,233,832**	**2,233,832**	
Prepayments	216,779	216,779	
TOTAL ASSETS	**2 909 534**	**2 827 720**	**81 814**

STATEMENT OF DEBT	Amount gross	At 1 year at most	At over 1 year and 5 years at most	At over to 5 years
Convertible bonds				
Other bonds				
With lending institutions:				
- At 1 year maximum from origination				
- at over 1 year from origination				
Miscellaneous other loans and advances				
Trade payables and related accounts	2,096,901	2,096,901		
Personnel and associated accounts	453,484	453,484		
Social security and other bodies	466,594	466,594		
Income taxes				
Value-added tax	17,634	17,634		
Guaranteed bonds				
Taxes (other than corporate taxes)	50,719	50,719		
Liabilities on fixed assets and related accounts				
Group and partners				
Other payables	500,593	500,593		
Representing borrowed shares				
Deferred income	368,436	368,436		
TOTAL ASSETS	**3,954,360**	**3,954,360**		

RESEARCH TAX CREDIT

The Company has benefited, since its creation in 2004, from the research tax credit (Crédit d'Impôt Recherche - CIR) as defined in Article 244, quater B I of the French General Tax Code.

It is recognized in the results, less the income tax, with a tax receivable contra-entry.

The amount of the company's CIR for the last three fiscal years totaled:

- 2014: €1,523,688
- 2013 : €1,366,356
- 2012 : €812,570

TAX CREDIT FOR COMPETITION AND JOBS ("CREDIT D'IMPOT POUR LA COMPETITIVITE ET L'EMPLOI" - CICE)

The company benefits from a tax credit for competition and jobs (CICE) created under article 66, law no. 2012-1510 of December 29, 2012, the amending finance law for 2012.

The amount for 2014 totaled €42,835.62 and was recorded minus salary expenses, with a tax receivable contra-entry in the statement of financial position.

SUNDRY DEBTORS

Sundry debtors concerns credit notes with suppliers having provided services as part of the ADR program where the company will be reimbursed a portion of expenses. .

LIQUIDITY

The Company's cash position totaled €36,655,100.94, of which €32,000,000 was placed in term deposits, stipulated:
- in the amount of €1,000,000, with Société Générale, 1-month maturity tacitly renewable,
- in the amount of €26,000,000, with Banque Populaire, 18-month maturity, mobilized on demand.
- in the amount of €5,000,000, with Banque CIC, 18-month maturity, mobilized on demand.

The cash position was therefore divided based on the following categories:

Current accounts	1,541,555.41 €
Term deposits	€32,000,000.00
Accrued interest	112,962.38 €
Money market funds	3,000,583.15 €
Total	**€36,655,100.94**

DEFERRED INCOME AND CHARGES

Period from 01.01.14 to 12.31.14

ERYTECH PHARMA

HEADINGS	Charges	Income
Operating charges or income	216,779	368,436
Financial charges or income		
Non-recurring charges or income		
TOTAL	**216,779**	**368,436**

The prepaid expenses primarily concern maintenance contracts, as well as lease agreements on movable and immovable property.

The deferred income is the portion of the grant from the TEDAC project for which associated costs have not yet been sustained.

Income to Receive

Period from 01.01.14 to 12.31.14

ERYTECH PHARMA

AMOUNT OF INCOME TO RECEIVE INCLUDED IN THE FOLLOWING BALANCE SHEET ENTRIES	Amount
Noncurrent financial assets	
Receivables relating to participating interests	
Other long-term financial investments	
Receivables	
Clients receivables and associated accounts	2,465
Staff	
Social security and similar	
Statement	45,369
Miscellaneous, income to receive	
Other receivables	12,355
Marketable securities	
Cash at bank and in hand	
TOTAL	**60,188**

Composition of the share capital

Period from 01.01.14 to 12.31.14

ERYTECH PHARMA

SHARE CLASSES	Number	Face value
1 - Shares or stock comprising the share capital at the start of the fiscal year	5558952	0.1
2 - Shares or stock issued during the fiscal year	1323809	0.1
3 - Shares or stock repaid during the fiscal year		
4 - Shares or stock comprising the share capital at the end of the fiscal year	6882761	0.1

The Company proceeded with the admission, on the EURONEXT market, of 1,224,489 new shares in October 2014.

The exercise of BSA_{2012} and $BSPCE_{2012}$ created 99,320 new shares during the financial year.

Table of variation in capital and reserves
(in euros, French standards)

	Number of shares	Share capital	Issue premium	Reserves & Carry forward	FY profit(loss)	Regulated Provisions	Total Capital and Reserves
Balance as of Dec. 31, 2013	5,558,952	555,895.20 €	42,335,338.33 €	(€22,295,938.09)	(€6,478,994.29)	- €	14,116,301.15 €
Allocation of earnings 2013				(€6,478,994.29)	6,478,994.29 €		
Bond interest capitalization							
Bond conversions							
Admission of new shares	1,224,489	122,448.90 €	29,877,531.60 €				
Charging of costs associated with shares			(€1,558,417.27)				
Share Warrants & Founder's Warrants Conversion	99,320	9,932.00 €	721,261.84 €		(€7,283.237.28)		
Fiscal year profit (loss) 2014							
Balance as of Dec. 31, 2014	6 882 761	688 276,10 €	71 375 714,50 €	(28,774,932.38)	(€7,283,237.28)	- €	36,005,820.94 €

CONDITIONAL ADVANCES

The conditional advances, totaling €580,107, were divided as follows at 12/31/2014:
- BPI FRANCE INNOVATION (advance 1): €485,000
- BPI FRANCE FEDER (advance 2): €32,500
- BPI FRANCE ISI (advance 3): €62,607

1. Assistance granted by BPI FRANCE INNOVATION (€735,000): program for the "development of a new treatment against pancreatic cancer through the administration of allogenic red blood cells incorporating L-asparaginase".

This assistance was distributed in 3 phases:
- €294,000 upon signature of the agreement (paid in 2008)
- €294,000 upon calls for funds (paid in 2010)
- balance upon completion of work with end of program identified by BPI FRANCE.

The repayment of this conditional advance will be made according to a fixed payment schedule that will end at the latest on 06/30/2016. To this end, the company repaid its first maturity of €100,000 in 2013, and its second of €150,000 in 2014.

2. Assistance granted by BPI FRANCE FEDER (€135,000): program for the "preclinical validation of the encapsulation of interfering RNA for therapeutic use in red blood cells, notably to limit inflammation of the cirrhotic liver and/or prevent the development of hepatocellular carcinomas".

This assistance was distributed in 4 phases:
- €40,500 upon signature of the agreement (paid in 2009)
- €40,500 upon calls for funds (paid in 2010)
- €27,000 upon calls for funds
- balance upon completion of work with end of program identified by BPI FRANCE.

The repayment of this conditional advance will be made according to a fixed payment schedule that will end at the latest on 06/30/2016. As the program was interrupted early, only the first two calls for funds were paid, for a total of €81,000. To date, the company has repaid €48,500.

3. Assistance granted by BPI FRANCE ISI (€4,895,052): TEDAC project

This assistance is distributed upon completion of the following key milestones:
- €62,607 upon signature of the agreement (paid in 2012)
- the remainder upon calls for funds in function of the key milestones.

The company undertakes to repay BPI FRANCE a sum of €5,281,000 upon achieving a cumulative amount of before-tax sales revenue equal to or greater than 10 million Euros and, where applicable, an annuity equal to 50% of the income generated by the sale of intellectual property rights resulting from the project. In a second phase, where the cumulative sales revenue reaches €60,000,000, the company undertakes to pay BPI FRANCE a sum of 2.5% of the sales revenue generated by development of the products resulting from the project, within the limit of a total repayment of €15M over 15 years.

Provisions recognized on the Balance sheet

Period from 01.01.14 to 12.31.14

ERYTECH PHARMA

HEADINGS	Start of FY amount	Increased allocations	Decreases reversals	Amount end of fiscal year
Provision for restoring deposits Provisions for investment Provisions for price increases Depreciation benefiting from tax law Including exceptional increases of 30% Tax provisions for locating abroad performed prior to 1.1.1992 Tax provisions for locating abroad performed after 1.1.1992 Provisions for facilities loans Other regulated provisions				
REGULATED PROVISIONS				

Provisions for disputes. Provision for guarantees made to clients Provisions for losses on futures markets Provisions for fines and penalties Provisions for exchange losses Provisions for pensions and similar obligations Provisions for taxes Provisions for building renovation Provisions for major maintenance and large-scale revisions Provisions for social security and tax charges for vacation to pay Other provisions for liabilities and charges				
PROV. FOR LIABILITIES AND CHARGES				

Prov. for intangible assets Prov. for tangible assets Provisions for blocked securities counted by the equity method Provision for blocked participating interests Provision for other non-current financial assets Provisions for inventory and works in progress Provisions for client accounts Other provisions for depreciation	100,607		100,607	
PROVISIONS FOR DEPRECIATION	**100,607**		**100,607**	

TOTAL ASSETS	**100,607**		**100,607**	

At the end of 2013, the company recorded a provision for impairment associated with company securities purchased under mandate, within the scope of liquidity. The company's share price having significantly increased during the period, the establishment of this provision was no longer considered necessary and formed the object of a reversal.

6 ADDITIONAL INFORMATION PERTAINING TO THE RESULTS

SALES REVENUE

To review, in 2012 the company entered into an exclusive distribution agreement with Orphan Europe for its product in the indication of acute lymphoblastic leukemia.
The company also contracted with the Recordati Group for coverage of the clinical study GRASPA-AML 2012-01 in ML amounting to 5 M€ .

To this end, the Company continues to re-invoice the costs relating to the trial on a monthly basis and with no margin; these costs came to €791,853 in 2014.
The re-invoicing is posted to miscellaneous revenue.

OPERATING GRANT

The Company recorded the portion of the TEDAC grant associated with the program's annual expenses, totaling €271,230.72.

REMUNERATION OF EXECUTIVE OFFICERS

The total compensation paid to executive corporate officers was €715,943.83.

The securities held giving the right to a future portion of the capital are presented in the detailed table "Subscription warrants."

Details of Nonrecurring Income and Nonrecurring Charges

Period from 01.01.14 to 12.31.14

ERYTECH PHARMA

NON-RECURRING INCOME	Amount	Posted to the account
for insurance adjustment	(2,749)	77200000
gifts received	2,950	77180000
TOTAL	**201**	

NON-RECURRING CHARGES	Amount	Posted to the account
adjustment differences	(4)	67180000
loss of security	770	67500000
for insurance adjustment	6,165	67200000
adjustment of contributions	9,420	67200000
adjustment differences	24	67200000
TOTAL	**16,375**	

DEFERRED TAX EFFECTS

	Amount
FY profit(loss)	(€7,283,237)
Income tax	(€1,523,688)
Before-tax results	(€8,806,925)
Profit (loss) excluding exceptional that tax assessments pre-tax	(€8,806,925)
Taxable income (loss) for the fiscal year	(€8,831,602)
Deficits remaining to be carried forward fthe previous fiscal year	€34,298,815
Total deficits remaining to be carried forward	€43,130,417

Income tax

BREAKDOWN OF TAX BETWEEN CURRENT RESULTS AND EXCEPTIONAL RESULTS

	Amount	Current profit (loss)	Results exceptional portion
FY profit(loss)	(€7,283,237)	(€7,267,063)	(€16,174)
Income tax	(€1,523,688)	(€1,523,688)	
Before-tax results	(€8,806,925)	(€8,790,751)	(€16,174)

The income tax amount corresponds to the research tax credit. Its basis corresponds to research costs excluded from the exceptional results.

7 OTHER INFORMATION

CLINICAL TRIALS

The costs associated with clinical trials are recognized as expenses as and when they are sustained.

Each patient included results in an obligation for ERYTECH to sustain certain costs whether or not the study continues, and to do so in addition to the expenses already incurred. When a patient is recruited, the company establishes a provision to cover all the costs sustained to continue the clinical trial over a one-year horizon.

The remainder of the costs sustained leading up to the end of the clinical trial (patients not yet recruited) are monitored off-balance sheet.

12/31/2014 in Keuros		**ERYTECH contractual commitment**		
Clinical trial name	**Accrued payables, tax incl.**	**Definite accrued payables**	**Uncertain (Off-balance sheet, net of taxes)**	**Comment**
2007/04	–	–	–	Trial ended
2008/02	–	–	–	Trial ended
2009/06	200	–	–	Trial ended
2012/09	41	–	1,014	Recruitment begun
2012/10	4	–	–	Recruitment begun
2013/03	256	–	4,526	Recruitment begun
		Accrued payables	**off-balance sheet**	
		501	**5,539**	

12/31/2013 in Keuros		**ERYTECH contractual commitment**		
Clinical trial name	**Accrued payables, tax incl.**	**Definite accrued payables**	**Uncertain (Off-balance sheet, net of taxes)**	**Comment**
2007/04	–	–	–	Trial ended
2008/02	–	–	–	Trial ended
2009/06	347	–	–	Recruitment ended
2012/09	–	–	–	Recruitment not begun
2012/10	–	–	–	Recruitment not begun
2013/03	–	–	–	Recruitment not begun
		Accrued payables	**off-balance sheet**	
		347	–	

RETIREMENT INDEMNITY

In consideration of the company data, for actuarial assumptions adopted, i.e., primarily a gross discount rate of 1.49%, the total commitment relating to retirement indemnities measured at 12/31/2014 totals 88,594 Euros.

No provision for liabilities was recognized in relation to this fiscal year.

COMMITMENTS TO DIRECTORS

By way of reminder, on May 24, 2013, the board of directors authorized severance indemnities to the benefit of:

- Mr. Gil Beyen. This commitment stipulates that, in the event of Mr. Beyen's departure from the company, i.e., in the event of:
  - expiry of his term of office (except where renewal is rejected by Mr. Beyen) or
  - revocation (except due to serious misconduct or gross negligence, as understood pursuant to case law resulting from the corporate chambers of the Court of Cassation),

  Mr. BEYEN may claim an indemnity equal to:
  - twelve times his average monthly remuneration (bonuses included) effectively received during the twelve months prior to the revocation decision or expiry of his term of office, or
  - the fixed annual remuneration established by the Board of Directors, in the event of revocation decided within twelve months following the appointment of Mr. Beyen.

- Pierre-Olivier Goineau. This commitment stipulates that, in the event of Mr. Goineau's departure from the company, i.e., in the event of:
  - expiry of his term of office (except where renewal is rejected by Mr. Goineau) or
  - revocation (except due to serious misconduct or gross negligence, as understood pursuant to case law resulting from the corporate chambers of the Court of Cassation),

  Mr. Goineau may claim an indemnity equal to twelve times his average monthly remuneration (bonuses included) effectively received during the twelve months prior to the revocation decision or expiry of his term of office.

- Mr. Yann Godfrin. This commitment stipulates that, in the event of Mr. Godfrin's departure from the company, i.e., in the event of:
  - expiry of his term of office (except where renewal is rejected by Mr. Godfrin) or
  - revocation (except due to serious misconduct or gross negligence, as understood pursuant to case law resulting from the corporate chambers of the Court of Cassation),

  Mr. Godfrin may claim an indemnity equal to twelve times his average monthly remuneration (bonuses included) effectively received during the twelve months prior to the revocation decision or expiry of his term of office.

Within the scope of his resignation, it is hereby specified that Pierre-Olivier GOINEAU has not benefited from any indemnity.

AUDITORS' FEES

For the 2014 financial year, the external auditor fees paid on the financial year totaled:
- within the scope of its legal term of office: €95,000, excluding out-of-pocket expenses,

- relatingthe increase in capital: €12,000

SUBSCRIPTION WARRANTS

Share options have been allocated to the directors, to certain employees, as well as to members of the Board of Directors in the form of share subscription warrants ("BSA") or founder subscription warrants ("BSPCE").

– "2012 Plan"

Types of securities	Founder's share warrant (BSPCE)s$_{2012}$	Share warrants (BSA)$_{2012}$
Number of warrants authorized for issue	33,788	30,034
Number of warrants that the shares authorized to issue, for all types of shares	45,050	
Total number of warrants issued 2012/2013/2014	33,788	11,262
Total number of warrants allocated 2012/2013/2014	33,788	5,025
Number of warrants exercised	6,807	5,025
Date of General Meeting	May 21, 2012	
Exercise price per new share subscribed	€7,362	
Final date for exercising warrants	May 20, 2020	
Parity	1 warrant for 10 shares	
General conditions of exercise	Warrant holders can only exercise their subscribed warrants: (i))only upon the occurrence of a firm, definitive operation involving the initial listing of Company shares for trading on a regulated or unregulated stock market, in France or the European Union, or a foreign securities exchange; (ii) on one single occasion, or (iii) on multiple occasions, within a limit of twice a year and at least 100 warrants. Warrant holders shall only be able to exercise the entirety of their warrants, already subscribed or Allocated but not yet subscribed, in the event that one of the following operations occurs: (i) acceptance, by shareholders representing at least sixty-six point six seven percent (66.67%) of the shares constituting the Company's capital, of a firm, definitive buyback offer pertaining to control of the Company (as pursuant to Article L. 233-3 of the Commercial Code). (ii) the formation of a merger agreement providing for absorption of the Company. The securities to which the warrants give rights are common shares. Each warrant shall give the right to ten (10) shares in the Company's share capital. The new shares resulting from the exercise of founder's share warrants (BSPCEs) shall form the object of periodic requests for admission for trading on the regulated market NYSE Euronext.	
Maximum number of new shares that can be issued	332,180	

Within the scope of the BSA$_{2012}$ and BSPCE$_{2012}$plans, the board of directors' meeting of July 17, 2014 defined the additional list of beneficiaries, as well as the number of warrants to which each employee may subscribe within the scope of the BSA$_{2012}$ and BSPCE$_{2012}$, in relation to the period of June 1st,

2013 to May 31, 2014. As such, 1,000 additional BSA_{2012} and 13,176 additional $BSPCE_{2012}$ were allocated to Erytech employees.

At the end of 2014, the subscription warrants for the 2012 plan were broken down as follows:

BSA / BSPCE (Share warrants/founder's warrants) reference	GAB reference	Parity	Period of exercise	Number of warrants issued	Number of warrants allocated	fiscal year	Number of warrants remaining to be exercised	Number of warrants remaining to be allocated
Founder's share warrants (BSPCE) 2012	21/05/2012	1 warrant = 10 shares	20/05/2020	33,788	33,788	6,807	26,981	-
Share warrants (BSA) 2012	21/05/2012	1 warrant = 10 shares	20/05/2020	11,262	5,025	5,025	-	6,237
			Total	**45,050**	**38,813**	**11,832**	**26,981**	**6,237**

BSA / BSPCE (Share warrants/founder's warrants) reference	GAB reference	Parity	Period of exercise	Number of warrants issued	Number of warrants allocated	fiscal year	Number of warrants remaining to be exercised	Number of warrants remaining to be allocated
Founder's share warrants (BSPCE) 2012	21/05/2012	1 warrant = 10 shares	20/05/2020	33,787	33,787	6,807	26,980	-
Share warrants (BSA) 2012	21/05/2012	1 warrant = 10 shares	20/05/2020	11,263	5,025	5,025	-	6,238
			Total	**45,050**	**38,812**	**11,832**	**26,980**	**6,238**

– "2014 Plan"

On January 22, 2014, the board of directors used the delegation granted by the mixed general shareholders' meeting of April 2, 2013, in its twenty-fifth resolution, to decide on a plan for the free allocation of 22,500 founder share subscription warrants (hereinafter entitled $BSPCE_{2014}$) to the benefit of Erytech directors (12,000 warrants) and to a category of "employees with management status" not yet identified by name (10,500 warrants).

The plan's characteristics are as follows:

Types of securities	**Founder's share warrants $(BSPCE)_{2014}$**
Number of warrants issued	22,500
Number of warrants awarded	12,000
Number of warrants exercised	0
Board of Directors Date	Jan. 22, 2014
Exercise price per new share subscribed	€12,250
Final date for exercising warrants	Jan. 22, 2024
Parity	1 warrant for 10 shares
General conditions of exercise	In the event of the beneficiary's death, it is stipulated that, pursuant to the provisions of article 163 bis G of the general tax code, the decedent's heirs may exercise the warrants within six months starting from the death. The founder's share warrants (BSPCE)2014 can be exercised: - on one single occasion, or - except in the event of an M&A operation, at most four (4) times per year, and for the exercise of a minimum of fifty (50) founder's share warrants (BSPCE)2014. In the event of a so-called M&A operation, holders of BSPCE20124 shall have five (5) business days starting from notice by the Company of the occurrence of such an event to exercise all of their BSPCE20124. However, the exercise of the BSPCE2014 may be canceled in the event of the ultimate non-performance of the takeover or the merger operation, for any reason whatsoever.
Maximum number of new shares that can be issued	120,000

In the event of a beneficiary's departure from the Company for any reason whatsoever, this beneficiary shall retain the $BSPCE_{2014}$ to which he subscribed prior to his departure. However, in the event of a beneficiary's departure from the Company, for any reason whatsoever, prior to subscription of the $BSPCE_{2014}$ to which the beneficiary has a right, the $BSPCE_{2014}$ shall be considered invalid vis-a-vis this beneficiary. Within this hypothesis, the $BSPCE_{2014}$ not subscribed may be re-allocated to other beneficiaries within the same category and/or replacing the person who left the company.

In any case, the $BSPCE_{2014}$ not exercised at January 22, 2024 shall become duly and fully expired.

Moreover, the board of directors' meeting of December 4, 2014 transformed 3,000 $BSPCE_{2014}$ into 3,000 BSA_{2014} for a Medical Director at the subsidiary ERYECH PHARMA INC., in accordance with Annex IV-BSA_{2014} Regulations, as recorded in the minutes.

INDIVIDUAL RIGHT TO TRAINING

Within the scope of the individual right to training established by Law 2004-391 of May 4, 2004 relative to life-long professional training, at 12/31/2014, the volume of cumulative training hours relative to rights acquired and not exercised was 2,431.58 hours.

It should be noted that, in accordance with:

- Law no. 2014-288 of March 5, 2014 relative to professional development, jobs, and social democracy,
- Decree no. 2014-1120 of October 2, 2014 relative to methods of funding and mobilizing the CPF (personnel training account),

the DIF (individual right to training) system has been replaced by that of the personnel training account (CPF) as of January 1st, 2015. The transferable DIF will likewise disappear as of January 1st, 2015.

Leasing-purchase agreements

Period from 01.01.14 to 12.31.14

ERYTECH PHARMA

HEADINGS	Land	Buildings	Facilities, equipment, and tooling	Other	Total
Original value				973,877	973,877
Amortization:					
- totals from prior fiscal years				654,154	654,154
- allocations from the fiscal year				98,593	98,593
TOTAL				**221,129**	**221,130**
ROYALTIES PAID:					
- totals from prior fiscal years				753,675	753,675
- allocations from the fiscal year				89,587	89,587
TOTAL				**843,262**	**843,262**
ROYALTIES REMAINING TO PAY:					
- up to one year				80,702	80,702
- from one year up to five years				149,481	149,481
- over five years					
TOTAL				**230,183**	**230,183**
RESIDUAL VALUE					
- up to one year				143,279	143,279
- from one year up to five years				3,009	3,009
- over five years					
TOTAL				**146,288**	**146,288**
Amount covered by the fiscal year					
Note: Lease concessions					89,587

This table includes the leases financing equipment for R&D and Production.
The furthest maturity is December 2018.

Average Staff

Period from 01.01.14 to 12.31.14

ERYTECH PHARMA

STAFF	Staff salaried	Personnel provided to the company
Management	21	
Chargehands and technicians		
Employees	17	
Laborers		
TOTAL	38	

During the financial year, the company hired 12 employees and had 6 employees leave.

Financial commitments

Period from 01.01.14 to 12.31.14

ERYTECH PHARMA

COMMITMENTS MADE	Amount
Discounted notes not yet matured	
Deposits and guarantees	
Pension, retirement, and compensation commitments	88,595
Other commitments made:	
TOTAL	**88,595**

COMMITMENTS RECEIVED	Amount
Deposits and guarantees and securities	
Other commitments received:	3,724,182
TOTAL	**3,724,182**

The Recordati commitment on the GRASPA-AML study contractually totals €5,000,000 and was valued at €3,724,182.23 at the end of 2014, the difference corresponding to 2013 and 2014 re-invoicing.

MARKET RISK

The Company uses the euro as a reference currency for its financial information and communication activities. However, a significant portion, in the amount of 10% of its operating expenses, is denominated in US dollars (agency office in Philadelphia, collaborations relating to the production of clinical batches with the American Red Cross, business development consultants, consultants for the development of clinical trials in the United States, and various collaborations around tests and clinical projects in the United States).

To date, the company has not opted to use active hedging techniques, and has not made recourse to derivative instruments to this end. Unfavorable exchange rate fluctuations between the euro and the dollar that are difficult to predict could affect the financial position of the Company.

This dependency will increase, as the company will perform clinical trials in the USA and, in the longer term, sell on this market. The Company will opt for exchange rate hedging techniques.

Expenses in US Dollars (USD) totaled $949,232 during the 2014 financial year. The counter-values recorded in the accounts totaled €714,807 in relation to the receipt of invoices and price fluctuations. This represents an average annual rate of $1.328 per €1 ($1,324/€ on average in 2013).

However, the EUR/USD rate fell considerably at the period end, reaching $1.2141 per €1 at December 31, 2014.

The Company purchased 1 million dollars at a rate of $1.2197 per €1 during December 2014.

The exchange rate differences are not significant for the periods presented.

Part 2

ANNUAL REPORT

3. ANNUAL REPORT

3.1. REPORT ON THE ECONOMIC AND FINANCIAL RESULTS

3.1.1. Table of results for the last five financial years (Erytech Pharma SA corporate financial statements prepared in accordance with French accounting standards)

	31/12/2010	31/12/2011	31/12/2012	31/12/2013	31/12/2014
CAPITAL AT END OF YEAR					
Number of common shares outstanding	315,355	315,355	315,355	5,558,952 ***	6,882,761
Numbers of shares to existing preferred dividends	315,355	315,355	315,355	5,558,952 ***	6,882,761
Maximum number of shares to					
- by conversion of bonds		67,916 *	135,833 *	-	-
- by subscription right exercise	147,027	172,876 **	244,855	22,736	269,800
OPERATIONS AND RESULTS					
Revenue excluding taxes					
Income before tax, employee sharing and depreciation of amortization and provisions	(5,373,958)	(6,605,757)	(2,149,309)	(7,592,464)	(8,755,887)
Income taxes	(721,327)	(798,967)	(812,570)	(1,366,656)	(1,523,688)
Employee sharing for fiscal year					
Income before tax, employee sharing and depreciation of amortization and provisions	(4,822,357)	(5,983,691)	(2,011,394)	(6,478,994)	(7,283,237)
Retained earnings					
EARNINGS PER SHARE					
Income before tax, employee sharing					
but before depreciation of amortization and provisions	(14.75)	(18.41)	(4.23)	(1.12)	(1.05)
Income before tax, employee sharing					
and depreciation of amortization and provisions	(15.29)	(18.97)	(6.38)	(1.17)	(1.06)
Dividend per share					
Staff					
Average number of employees during the year	41	41	38	36	38
Amount of payroll for the fiscal year	1,715,167	1,847,841	1,718,300	2,504,423	2,402,291
Amount of payment for employee benefits					
for the fiscal year	463,122	833,826	827,736	1,164,033	1,168,792

*the assumption of a raising of funds of 18 million euros with a valuation of 73.62 euros per share

**not including share subscription warrant lapsed at 12/31

3.1.2. Dividend distribution policy

Dividends paid during the last three financial years

None.

Dividend distribution policy

No plan exists to initiate a dividend policy in the short term, given the Company's stage of development.

3.1.3. Legal and arbitration proceedings

At the date of the present report, no government, legal, or arbitration proceedings existed, including any proceedings of which the Company has knowledge, that are suspended or with which it is threatened, such as will have or had during the last 12 months a significant effect on the financial position, activity, or results of the Company and/or of its subsidiary.

3.1.4. Significant changes in the financial or commercial situation

To the knowledge of the Company, no significant changes have taken place in the Company's financial or commercial situation since December 31, 2014.

3.1.5. Report on the economic and financial results of the ERYTECH PHARMA Group (financial statements consolidated in accordance with IFRS framework)

The ERYTECH PHARMA Group is composed:

- of the company ERYTECH PHARMA SA (head office: 60 av Rockefeller, Bioparc Bat Adénine, 69008 LYON, FRANCE)

- of the company ERYTECH PHARMA Inc. (head office: 185 Alawife Brook Parkway Ste 410, CAMBRIDGE, MA 02138, USA), 100% held by the company ERYTECH PHARMA SA.

The Group's financial statements include the consolidation of the American subsidiary. The financial statements for the ERYTECH PHARMA Group are prepared in conformity with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), as adopted by the European Union at the date of issue of the financial statements by the board of directors, as applicable at December 31, 2014.

The Group has recorded no sales revenue either in relation to the 2014 financial year or in relation to the 2013 financial year. The other income was primarily generated by the research tax credit, the grants associated with the pre-clinical research programs in partnership with BPI France. The Research Tax Credit totaled 1,523,688 Euros in 2014, as compared to 1,366,656 Euros, i.e., an increase of 11.50%. Other income also incorporate for 2014 the re-invoicing to Orphan Europe of the internal costs borne by the Group as part of the AML study amounting to 230,769 euros.

Operating expenses increased by 23%, totaling 10,974,054 Euros in 2014, as compared to 8,915,188 Euros in 2013.

Excluding personnel costs, research and development costs decreased by 24% to 892,651 Euros in 2014, as compared to 1,171,016 Euros in 2013, the sub-contracting expenses having decreased by 273,746 euros. Clinical study expenses increased from 2013 to 2014 by 1,211,723 Euros, i.e., an increase of 74%, in line with the increase in the Group's activities. Intellectual property costs totaled 418,645 Euros in 2014, as compared to 265,371 Euros in 2013, the increase being primarily associated with intellectual property adviser fees. Lastly, general costs increased by 245,776 Euros between 2013 and 2014, primarily associated again with services, sub-contracting, and fees, this increase being 14% greater than the 2013 figure.

Personnel costs increased by 2% between 2013 and 2014, from 3,503,601 Euros in 2013 to 3,574,796 Euros in 2014, excluding the fair value impact of share-based compensation plans (IFRS 2).

The fair value of share-based compensation plans (IFRS 2) increased by 113%, from 580,621 Euros in 2013 for allocation of the 2^{and} tranche of the $BSPCE_{2012}$ and BSA_{2012} plan, as compared to 1,235,883 Euros for allocation of the 3rdtranche of the $BSPCE_{2012}$ and BSA_{2012} plan, as well as for allocation of the $BSPCE_{2014}$ to Group directors.

The Group's financial results showed a profit of 68,173 Euros in 2014, as compared to a loss of 1,099,589 Euros in 2013, primarily caused by the financial cost of the convertible bonds issued by the Group.

Income tax highlights income associated with revaluation of the liability relating to defined benefit plans (IAS 19), presented under Other items of the Group's comprehensive income.

The Group's consolidated statement of financial position shows total assets and liabilities of 40,606,639 Euros in 2014, as compared to 17,948,960 Euros in 2013, i.e., an increase of 22,657,679 Euros.

In October 2014, the Group performed a capital increase, making recourse to the market to obtain 29,172,757 Euros. Disinvestments within the scope of the liquidity agreement led to a variation of 650,675 Euros in shareholders' equity, the net results for the period showing a loss of 8,860,036 Euros, actuarial differences of 38,389 Euros, as well as the impact of the fair value valuation of 1,235,883 Euros for the compensation plans, which changed the Group's shareholders' equity by 22,237,669 Euros.

Financial liabilities decreased by 242,349 Euros between 2013 and 2014, the Group continuing to reduce its debt both in the conditional advances and in the financial debts associated with leases.

The variation in working capital requirements increased, in line with the growth in the Company's activities, totaling 1,874,169 Euros in 2014, as compared to 1,491,607 Euros in 2013.

3.1.6. Report on the economic and financial results of the company ERYTECH PHARMA SA (corporate financial statements prepared in accordance with French accounting standards)

The before-tax sales revenue totaled 791,852 Euros following the re-invoicing, with no margin, to Orphan Europe/Recordati Group for the GRASPA-AML clinical trial, as compared to 483,964 Euros in 2013.

The total operating income was equal to 1,113,132 Euros, as compared to 911,804 Euros in the previous financial year. This increase is associated with the progress of the AML clinical trial re-invoiced to Orphan Europe.

The year's operating expenses totaled 10,297,787 Euros, as compared to 8,767,638 Euros in the previous financial year, therefore a +17.4% variation. This variation in operating expenses is explained in the vary significant increase in purchases and external expenses associated with the clinical and pre-clinical developments of ERY-ASP/GRASPA®, as well as personnel expenses.

The operating results totaled a loss of 9,184,655 Euros, as compared to a loss of 7,855,834 Euros in the previous financial year, therefore a variation of +17%.

The average employee numbers remained stable at 38, as compared to 36 in the previous financial year, therefore an insignificant variation.

The financial result was 393,903 Euros, as compared to -4,222 Euros in the previous financial year, primarily resulting from reversal of the provision for impairment of treasury shares, totaling 100,607 Euros, the performance of investments in term deposits, as well as a decrease in interest following conversion of the convertible bonds in 2013.

The current results before tax for the year totaled a loss of 8,790,751 Euros, against a loss of 7,860,056 Euros for the previous financial year, therefore a variation of +11.8%.

In consideration of the preceding information,
- of the exceptional results of -16,174 Euros, as compared to 14,406 Euros for the previous financial year,
- of the research tax credit of 1,523,688 Euros.

The financial year's results total a loss of 7,283,237 Euros, as compared to a loss of 6,478,994 Euros in the previous financial year, therefore a variation of 12.24%.

At December 31, 2014, the Company's balance sheet total was 40,540,288 Euros, as compared to 18,245,790 Euros for the previous financial year, i.e., a variation of +22.3%.

3.1.7. Allocation of the results

It will be proposed to the General Assembly of Shareholders that it approve the annual financial statements (statement of financial position, statement of comprehensive income, and annex) as presented, and that the loss of 7,283,237 Euros be allocated to the "carry forward" account.
In consideration of this allocation, the company's shareholder equity will be 36,005,821 Euros.

3.1.8. Luxury expenditures and non-deductible expenses

The financial statements for 2014 include expenses of 18,855 Euros corresponding to expenditures not tax deductible.

Consequently, the tax sustained by reason of these expenditures and expenses totals 6,285 Euros.

3.1.9. Information on payment timelines

The breakdown, at the end of the last two financial years, of the balance of debts to suppliers, by maturity date:

2014 financial year:

MATURED	TOTAL
Less than 1 month	345,332
Between 1 and 3 months	187,552
Between 3 and 6 months	107,799
More than 6 months	28,088
TOTAL =	**668,771 euros**
MATURING	TOTAL
Less than 1 month	1,224,565
Between 1 and 3 months	33,266
Between 3 and 6 months	-
More than 6 months	-
TOTAL =	**1,257,832 euros**

I.e., a total of 1,926,602 Euros for the item supplier debts.

2013 financial year:

MATURED	TOTAL
Less than 1 month	351,861
Between 1 and 3 months	379,550
Between 3 and 6 months	97,639
More than 6 months	4,114
TOTAL =	**833,163 euros**
MATURING	TOTAL
Less than 1 month	407,904
Between 1 and 3 months	4,933
Between 3 and 6 months	-
More than 6 months	-
TOTAL =	**412,837 euros**

I.e., a total of 1,246,000 Euros for the item supplier debts.

3.1.10. Regulated agreements

The agreements reached, where applicable, directly or through a third party, between, on one part, one of the members of the Board of Directors, the managing director, one of the delegated managing directors, or one of the shareholders holding a portion of the voting rights greater than 10% in the company ERYTECH Pharma and, on the other hand, another company in which the latter directly or indirectly holds more than half the capital are outlined in detail in the special auditors' report on the agreements outlined under Article L. 225-38 of the French Code of Commerce (*see 5.4 herein*).

The agreements outlined under Article L. 225-38 of the Code of Commerce and stipulated during the financial year elapsed shall be submitted for the approval of the shareholders, it being specified that the auditor has been duly notified of these agreements that it has described in its special report.

3.2. MAIN RISK FACTORS

Investors are invited to take into consideration all the information provided in the present financial report, including the risk factors described in this chapter. The Company conducted a review of the risks and considers that there are no significant risks other than those presented in this chapter. These risks are those which the Company considers could have, upon their occurrence, a significant negative effect on the Company, its activities, its financial position, its results, or its development.

3.2.1. Operating risk

- The development of the Company's products could be delayed or not be completed.
- ERY-ASP/GRASPA® could present certain risks that exist in relation to blood transfusions.
- The results of clinical studies currently in progress could be negative or insufficient.
- Production costs could be higher than anticipated.
- The Company's production capacity could be insufficient.
- The commercial success of the Company's products is not guaranteed.
- The Company has limited experience in sales, marketing and distribution. The placement of GRASPA® on the market in 38 European countries and in Israel is largely dependent on Orphan Europe (Recordati Group) and on the Teva Group.
- ERY-ASP/GRASPA® is the only product under clinical development that may be placed on the market within the next 5 years.
- The loss of certain scientific collaborations could harm the Company's development.
- A director or member of the scientific committee could be in a conflict of interest situation and thus harm the Company.
- Access to raw materials and products required to complete clinical trials and to manufacture the Company's products is not guaranteed.
- The Company is dependent on its subcontractors.
- The Company is exposed to risks associated with the handling of dangerous substances.

3.2.2. Strategic risk

- The Company could lose key partners and not be able to attract new qualified personnel.
- The Company could not reach the objectives it has committed to as part of certain partnerships and partnership agreements.

- The growth of the Company will depend on its ability to manage its growth.
- Direct or indirect competitive solutions could halt the growth of the Company and render its products obsolete.
- The Company may not be able to protect the confidentiality of its information and/or knowledge.
- ERYTECH could be the target of cyber attacks.
- ERYTECH could be the victim of industrial espionage.
- The Company cannot guarantee the intellectual property associated with technologies belonging to third parties and that it uses.
- The protection offered by patents and other intellectual property rights is uncertain. The Company may not be able to maintain adequate protection of its intellectual property rights and thereby lose its technological and competitive advantage. Part of the Company's activity could depend on or infringe upon patents and/or other intellectual property rights owned by third parties. The exclusive nature conferred by intellectual property rights could be circumvented by the Company's third parties/competitors.
- The Company's liability could be incurred for the use of its products.

3.2.3. Regulatory risk

- Obtaining prior approvals for marketing is uncertain.
- The collection of human samples is strictly regulated.
- The conditions for determining the reimbursement price and rate of Company products constitute a key factor in the commercial success of the Company.
- The upholding of the status required to manufacture and market Company products is uncertain.

3.2.4. Financial,, social, and tax risk

- The Company has a history of operational losses, losses that could persist.
- The research tax credit ("CIR") is a significant Company resource. A challenge to this tax arrangement could have an adverse effect on its development.
- The Company is exposed to exchange-rate risk vis-à-vis dollars (USD) due to its growing activity in the United States.

3.3. INFORMATION CONCERNING THE COMPANY AND MAIN TRENDS

2013
On April 30, 2013, the Company remarkably succeeded in becoming listed on the regulated market NYSE Euronext Paris, compartment C, raising more than the intended amount of €15 M, the funds raised totaling €17.7 M.

On May 6, 2013, the Company changed its method of governance, with a view to establishing a board of directors in place of the executive board and supervisory board, and appointed Gil Beyen as Chief Executive Officer, formerly Chairman of the Supervisory Board.

Europe:
The committee of independent experts (the Data Safety Monitoring Board or DSMB) in charge of monitoring the phase II/III clinical trial of ERY-ASP/GRASPA® among adults and children experiencing a relapse of ALL met and delivered a favorable opinion concerning the conduct of this clinical trial in Phase III following the original protocol with a total pool of 80 patients.

The European Union granted ERY-ASP/GRASPA® orphan drug designation for AML.
The ANSM (Agence nationale de sécurité du médicament et des produits de santé [French National Agency of Medicine and Health Product Safety]) granted ERYTECH the right to begin a Phase IIb in AML. ERYTECH recruited its first patient in March.

The committee of independent experts (the Data Safety Monitoring Board or DSMB) in charge of monitoring the Phase IIb clinical trial of ERY-ASP/GRASPA® in AML delivered a favorable opinion concerning the conduct of this clinical trial following an evaluation of the product's safety in 30 initial patients.

United States:
The FDA granted ERYTECH the right to start a Phase Ib with ERY-ASP in ALL.

The USPTO (United States Patent and Trademark Office) delivered the patent protecting ERYTECH's technology, granting it exclusivity until 2029 with the potential for extension into 2034.

Internationally, the company filed two new patent applications.

2014

Europe:
The Company announced the launch of a Phase II study of pancreatic cancer with its product ERY-ASP.

ERYTECH has obtained the authorization of numerous European countries for its AML study, enabling it to broaden the recruitment of its patients, and the DSMB has issued its second positive opinion following a tolerance analysis of 60 patients.

The Company announced the addition of a new candidate drug to its oncology portfolio: "Affameur de tumeurs" [Tumor starvation inducer] ERY-MET.

The Company announced the positive Phase III results on its clinical study with ERY-ASP/GRASPA® in the treatment of ALL.

USA:
The main centers for the recruitment of patients for the Phase I/II study have opened (Chicago, Duke, Columbus), and the first patients have been treated.

The Company has obtained the issue of a new patent in the United States, in the area of asparaginase.

On the financial level, the Company:
- welcomed new shareholders following a reclassification operation with European institutional and American investors specialized in the field of healthcare.
- successfully raised thirty million Euros with a view to extending its therapeutic indications in oncology and to accelerating its clinical developments.

3.4. OVERVIEW OF RESEARCH & DEVELOPMENT ACTIVITIES

3.4.1. Overview

ERYTECH was founded in 2004 to develop and market innovative therapies for acute leukemia and other cancers for which medical needs remain unmet. The innovative approach by ERYTECH consists of acting on the tumor's environment and "starving" it, so that the cancerous cells no longer have access to the growth factors that are necessary for them to live and proliferate.

The core product of ERYTECH, ERY-ASP/GRASPA®[1], is used in the treatment of acute leukemias, a cancer of the blood and bone marrow that proliferates rapidly and requires urgent treatment. The two most frequent forms are Acute Lymphoblastic Leukemia (ALL) and Acute Myeloid Leukemia (AML), in function of the cells at the origin of the disease. Each year, approximately 50,000 patients are diagnosed with acute leukemia in Europe and the United States.

ERY-ASP/GRASPA® shows convincing clinical results obtained in several clinical trials and is in the final phase of clinical development in Europe with a view to obtaining a marketing authorisation (AMM) in Europe for ALL. Based on these results, ERYTECH forged two distribution partnerships for the European and Israeli markets with international companies Orphan Europe (Recordati Group) and the Teva Group.

ERY-ASP/GRASPA®, developed based on ERYTECH proprietary technology, consists of an enzyme, L-asparaginase, encapsulated in the red blood cells. L-asparaginase is an essential weapon in the treatment of acute leukemia. This enzyme has the property of being able to remove the supply of asparagine, a naturally occurring substance in the blood that is essential for their growth, from leukemic cells. This L-asparaginase treatment, resulting in the death of cancer cells, has demonstrated efficacy in children with ALL, who almost all enter remission and have a high probability of full recovery. However, its usage is considerably limited by its significant side effects (allergic reactions and immune response, bleeding disorders, and pancreatitis, for example). Clinicians cannot administer it to most adult and elderly patients as they often cannot tolerate free-form asparaginase.

Sales of existing treatments based on L-asparaginase are estimated at approximately €250 M[2] in Europe and in the United States, but represent only a fraction of a much larger market, still underdeveloped and which could represent a billion[3] Euros. Over 80% of current L-asparaginase sales are for children with ALL. Other leukemia patients, namely adults and seniors with ALL and all AML patients (more than 80% of patients with acute leukemia), have little or no access to these drugs because the patients are often too fragile to tolerate them.

Through the encapsulation of asparaginase in the red blood cells using ERYTECH proprietary technology, ERY-ASP/GRASPA® is uniquely positioned to provide a solution to the significant unsatisfied medical needs of these fragile patients. The red cell membrane prevents interactions between the body and L-asparaginase, thereby protecting the body from the side effects of L-asparaginase and simultaneously preventing the immune system from eliminating L-asparaginase, thus reducing its efficacy. Encapsulated L-asparaginase fully achieves its goal of destroying asparagine circulating in the blood because it is absorbed inside the red blood cell through a natural phenomenon. The red blood cell acts as a bioreactor circulating in the blood and destroys asparagine, which could feed leukemic cells.

ERY-ASP/GRASPA® has the potential to become a reference medicine in the treatment of acute leukemias: ERY-ASP/GRASPA® allows fragile patients who currently do not have the possibility, due to their state of general health and side effects experienced, to be treated with L-asparaginase, and who have smaller chances of survival because of this. For patients who are unable to receive the current treatments based on L-asparaginase, ERY-ASP/GRASPA® is intended to offer an effective alternative with a considerably improved tolerance profile.

ERYTECH is in the final stages of clinical studies for GRASPA® for ALL and has compelling results in terms of efficacy and tolerance in: (a) the results of a Phase I/II study in children and adults with a relapse of ALL, (b) the results of a Phase II study performed on patients more than 55 years of age

[1] The GRASPA® brand has been licensed to Orphan Europe (Recordati Group) for placement of the product on the market in the treatment of ALL and AML in Europe; ERY-ASP is the code name used outside Europe and excluding acute leukemias.
[2] Source: Jazz Pharmaceuticals and ERYTECH
[3] See the following sections:
- A strong interest and growth of orphan drugs within the pharmaceutical industry
- ERY-ASP/GRASPA®: An innovative treatment entering the market

who are affected by ALL, and (c) the positive results of a Phase II/III study (in adults and children in relapse). In time, these studies will underpin the need for a Marketing Approval (MA) at the European level.

In November 2012, ERYTECH signed a marketing agreement with Orphan Europe, an orphan drug specialist subsidiary of the Recordati Group, a top European pharmaceutical group, to distribute GRASPA® in 38 European countries. With the establishment of this partnership, GRASPA® may be sold efficiently as soon as the necessary approvals are obtained in all European countries and ERYTECH will receive a substantial part of the profits under the agreement. ERYTECH also signed a partnership agreement with the Teva Group, a world leading pharmaceutical company, to distribute GRASPA® in Israel.
The Company has a production unit based in Lyon with the qualifications of "Pharmaceutical Facility" and "Operating Facility," which makes it possible to serve the European and Israeli markets.

ERYTECH is developing possible new indications for ERY-ASP outside the area of leukemias. Initial pre-clinical and clinical results suggest that ERY-ASP could also be effective against certain solid tumors for which therapeutic options are currently reduced. ERYTECH launched a Phase II study into pancreatic cancer in 2014

Further, the Company has a pipeline of potential products targeting orphan diseases that constitute medium and long-term sources of growth for the company and/or partnership options. In the longer term, the ERYTECH technology can encapsulate various molecules or active ingredients inside red blood cells and could help develop new drugs, particularly in cancer treatment, with much better efficacy and toxicity profiles, consequently improving the patients' survival and quality of life.

ERYTECH has what it takes to establish itself as a mature biotechnology company with revenues from partnership agreements for the distribution of a drug at the doors to the market and a pipeline of promising products and indications:

- **A unique therapeutic concept for the fight against cancer: "Starving tumors"**

Treatments that affect the supply of oxygen or nutrients to tumor cells are one of the weapons to effectively fight cancer and are complementary to approaches that can potentially target cancer cells directly. These drugs cause tumor cells to die by asphyxiation or nutrient deprivation. ERYTECH develops innovative new enzyme therapies able to starve tumors and treat cancers that do not respond to radiation or chemotherapy. In particular, L-asparaginase treatment deprives leukemic cells of asparagine, an amino acid essential to their growth and survival. Removing this amino acid from the metabolic environment is a key issue in the fight against leukemia but also certain other cancers.

- **An initial target market with high potential: Acute leukemia**

ERYTECH is positioned as a treatment for acute leukemia, which are most forms of leukemia, and it accounts for about 50,000 new cases diagnosed per year in Europe and the United States. Medical needs are considerable given this cancer's very poor prognosis for most patients. Children with ALL, which accounts for approximately 12% of new cases of acute leukemia, have over a 5-year survival rate of 90% due to L-asparaginase treatment. All other patients, adults and seniors, and relapsed patients typically cannot tolerate this treatment, despite efforts over tens of years to adapt it. Adult and elderly patients with ALL have a 5-year survival rate of between 10% and 30%, the lowest rate of all cancers combined. Existing asparaginase-based treatments generate sales estimated at approximately €250 M, largely relating to children, but the potential market is estimated at more than one billion Euros in Europe and the United States.

- **Compelling clinical results for GRASPA®: Efficacy and tolerance**

ERYTECH anticipates filing an application for authorization with the European Medicines Agency (EMA) for the placement of GRASPA® on the market for ALL in mid-2015, based on a study performed on patients more than 55 years of age with ALL and two studies (one Phase I/II and one Phase II/III) in adult and pediatric patients in relapse. The first study in children and adults with

relapsed ALL demonstrated the safety of the product and identified the best dose. It has also demonstrated that one injection of GRASPA® can result in the same depletion of asparaginase as up to 8 injections of free form L-asparaginase. It was followed by a Phase II/III study in the same type of patients. Analysis of the data from the GRASPIVOTALL clinical trial (GRASPALL2009-06), after one year of monitoring, demonstrates that the study convincingly achieved its primary objectives, and its secondary objectives confirm a favorable profile for the clinical efficacy of GRASPA®. The study also shows favorable results in patients with histories of allergies to L-asparaginase. The third study is a Phase II study in patients greater than 55 years of age with ALL. This study showed that, in the category of fragile patients who often cannot be treated with L-asparaginase in induction, GRASPA® was well tolerated and resulted in complete remission for 70% of patients completing their induction.

Based on these results, in 2015, ERYTECH began a Phase IIb clinical study in AML that, if the results are positive, will allow the indication of GRASPA® to be extended to these patients once the drug is on the market. An Expanded Access Program (EAP) is currently in progress in Europe, and a Phase I/II study is in progress in the United States.

- **Strong marketing partnerships: Orphan Europe (Recordati Group) and the Teva Group**

ERYTECH has stipulated two major partnership agreements for the placement of GRASPA® on the market in 38 European countries with Orphan Europe (Recordati Group) and in Israel with the Teva Group. Thanks to the innovative nature of GRASPA®, its ability to satisfy unmet medical needs and its progress in clinical development, ERYTECH was able to obtain favorable terms, particularly with regard to the sharing of future income (representing up to 45% of the sale price). Both partners have recognized trade capacities and can effectively promote GRASPA® in their respective territories. In particular, through its subsidiary Orphan Europe, Recordati is a specialist in orphan diseases and will work with ERYTECH on the regulatory approach to optimize the marketing of GRASPA®. The agreement with Orphan Europe (Recordati Group) provides in particular an upfront payment of €5 million, participation in development costs for GRASPA® for AML, and future payments up to €37.5 million in reserves awaiting the fulfillment of regulatory and commercial objectives; ERYTECH will receive payment for the delivered product and royalties on sales made by Orphan Europe (Recordati Group) of GRASPA®, for a total of up to 45% of the net sale price.
Separately, another Recordati Group company has purchased bonds that were converted into an investment in ERYTECH equity worth €5 million at the time of the initial public offering.

- **Ideal conditions for market access: The orphan drug designation, existing medical practice and expected medical needs**

ERY-ASP/GRASPA® has obtained orphan drug status in ALL, AML, and pancreatic cancer in Europe and in the United States. ERYTECH may therefore benefit from a marketing procedure with shorter lead times and reduced costs, and benefit from exclusive marketing after obtaining the MA for the product for 7 and 10 years, in the United States and Europe respectively. L-asparaginase treatment has been included in almost all European and American chemotherapy protocols since the 1970s for pediatric ALL patients. ERYASP™/GRASPA® will be incorporated in or be added to the existing medical practice. Therefore, ERYTECH anticipates a rapid adoption of ERY-ASP/GRASPA®. Moreover, they are the same clinicians who treat AML patients and for this indication, ERY-ASP/GRASPA® will capitalize on the clinical experience of these prescribers. The placement of ERY-ASP/GRASPA® on the market will require reasonable promotional and commercial resources, given the specialized position of the drug (clearly identified and relatively few prescribers, hospital treatment or specialist care center).

- **Proprietary and industrialized technology: Pharmaceutical Operating Facility Status**

ERYTECH's encapsulation technology is internationally protected by 13 patent families both on the processes and on the products. ERYTECH has successfully developed a process to produce loaded erythrocytes in a reproducible, reliable and economical way on a large scale, regardless of the initial characteristic and origin of the red cells used. More than 400 bags of ERY-ASP/GRASPA® have already been produced and transfused in five clinical trials conducted by ERYTECH. ERYTECH's production unit operates according to the highest standards of pharmaceutical production, quality and

traceability. The Company has obtained the status of "Pharmaceutical Facility" and "Operating Facility" from ANSM to produce GRASPA® for the European and Israeli markets. The current production capacity is sufficient to meet the needs of the various clinical trials scheduled and the initial years of sales. The gross margin for ERY-ASP/GRASPA® is perfectly in line with pharmaceutical industry standards.

- **Opportunity to develop ERY-ASP in the United States: Launch of the clinical program**

The US market is virtually equivalent to that of Europe in terms of number of patients with acute leukemia and is the natural progression in the development of ERY-ASP. A Phase Ib clinical trial in adult patients greater than 40 years of age with ALL is in progress, after obtaining authorization for a Phase Ib study from the "Food and Drug Administration" (FDA). The Company is relying on studies already underway in Europe. ERYTECH believes that the development of ERY-ASP in the United States could allow it to anticipate placement on the market within the 2019 horizon, and it will evaluate partnership opportunities at various key stages of the clinical development program for ALL and AML. ERYTECH has established a close partnership with the American Red Cross of Pennsylvania (Philadelphia, USA) to produce, under the Company's supervision, the lots needed for clinical studies.

- **A promising pipeline: Solid tumors**

Asparagine has been shown to also be a growth factor for several other types of cancer. In partnership with the MD Anderson Cancer Center (Houston, USA), one of the most recognized hospitals in the world for the treatment of cancer, ERYTECH analyzed various types of solid tumors and determined that asparaginase could effectively help combat solid tumors. The first basis for developing ERY-ASP for solid tumors was performed with a positive Phase I study, which demonstrated good tolerance of the product even at high doses. The next step was the initiation of a Phase II study on pancreatic cancer, for which the first patients were recruited in 2014. In addition, ERYTECH's technology platform is versatile and opens up many possibilities for developing new drugs. The effectiveness of the technology has been demonstrated mainly with L-asparaginase, but it is possible to encapsulate other enzymes, molecules or proteins in red blood cells.

- **Strong scientific and medical support: 7 leading world experts**

In its Scientific and Medical Board, ERYTECH is surrounded by American and European world-renowned experts, in particular in the field of oncology and leukemia. In addition to their active role in optimizing ERYTECH's strategy, their opinion in the scientific and medical communities will help promote the adoption of ERY-ASP/GRASPA® in hospitals and specialized care centers.

- **An experienced and highly complementary team**

ERYTECH is directed by Gil Beyen, Chief Executive Officer of the Company, with strong expertise in international development and pharmaceutical partnerships, and by one of his two co-founders, Yann Godfrin, Chief Scientific Officer, Scientific Director, biologist and science and hematology expert in the development of health products and industrialization processes. The Company relies on a talented team of 45 professionals with diverse, complementary backgrounds and skills totally in line with the ERYTECH's development objectives.

- **The pharmaceutical industry's strong and growing interest in orphan drugs**

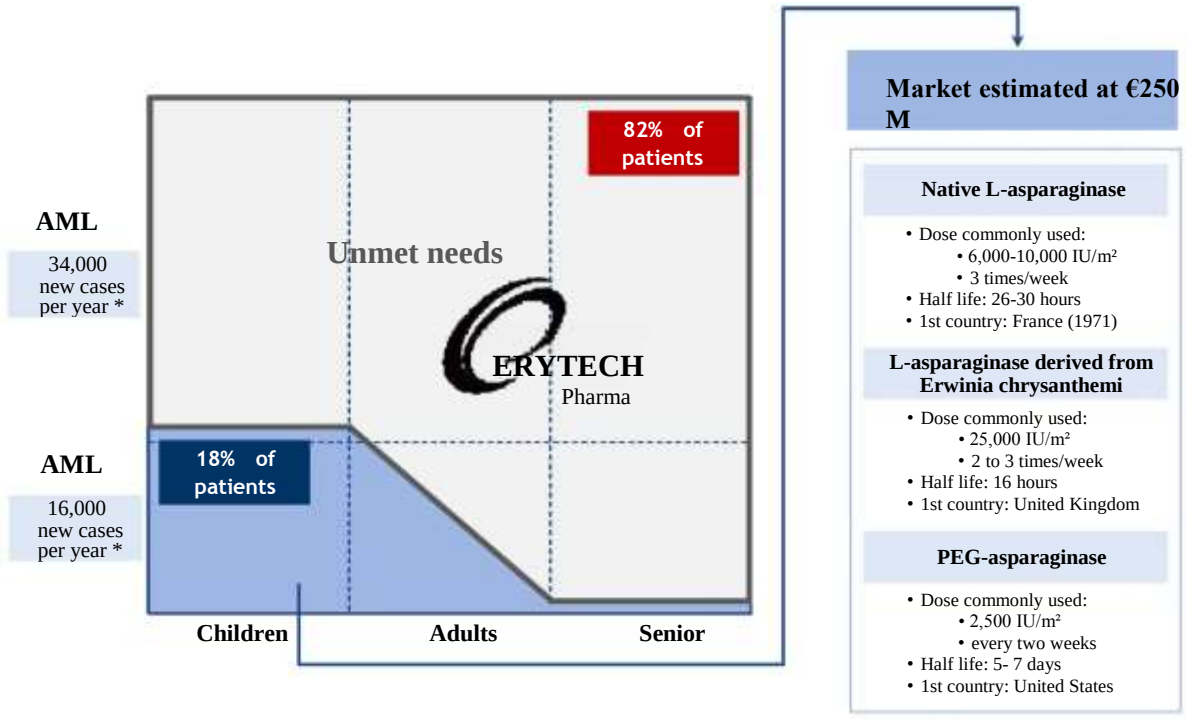
The interest of pharmaceutical companies in orphan and rare diseases has grown steadily since the mid-2000s and the last decade has been the most productive for the development of these drugs. Several major international pharmaceutical companies such as Pfizer, GSK and Sanofi, and many mid-size pharmaceutical groups such as, Recordati, Swedish Orphan Biovitrum and Shire have created specialized divisions for orphan and rare diseases and/or made them a major strategic focus. Consequently, transactions in this area, in the form of acquisitions or partnership agreements have multiplied. In particular, there were 3 operations in the L-asparaginase market: the acquisition of OPI (France) by EUSA (UK) for €100 million in 2007, the acquisition of a portfolio of products from Enzon (US) by Sigma Tau (Italy) for $327 million in 2009, and the acquisition of EUSA by Jazz

Pharmaceuticals (US) for $700 million in 2012. In this context, ERYTECH has created significant strategic value with ERY-ASP/GRASPA® and its technology platform.

The current market for L-asparaginase

ERYTECH believes that the current market for the various forms of aspariginase is approximately 250 million Euros [4]for Europe and the United States, and that less than 20% of patients suffering from acute leukemia are treated with aspariginase. The potential market for other patients, including adult and elderly patients with ALL and all AML patients is not being exploited and could represent more than one billion Euros.

The current and potential market for L-asparaginase

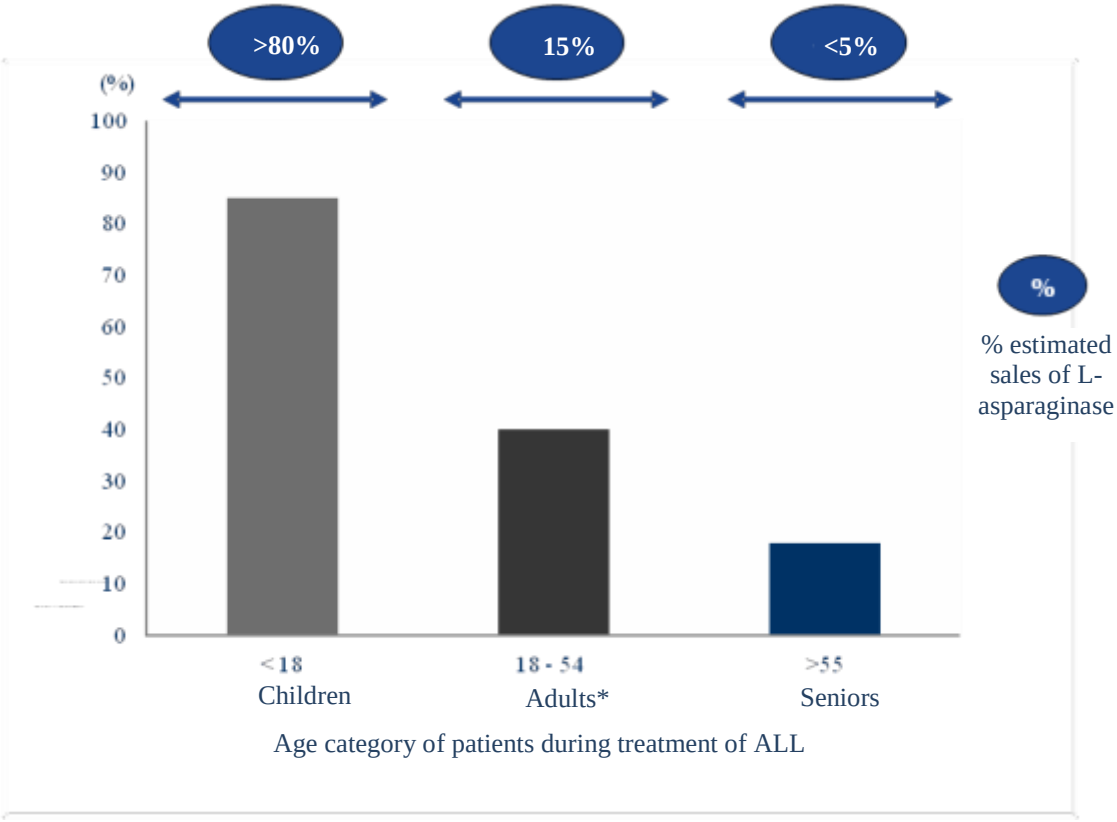


** Europe and the United States*
Source: Company

[4] Source: Jazz Pharmaceuticals and Erytech

The diagram below shows that over 80% of current sales of L-asparaginase are from children with ALL and approximately 15% from adults and primarily young adults (under 40 years old) with ALL who are still able to tolerate it. However, older patients are only marginally treated with L-asparaginase.

Use of L-asparaginase for ALL by age group



** The survival rate 5 years after diagnosis varies depending on the patient's age. For example, patients under 29 years old have a 5-year survival rate of 54% and patients 30 to 54 years old have a 5-year survival rate of 28%.*

The current market for L-asparaginase mainly includes 3 products, "native" L-asparaginase (Kidrolase®, Leunase®, asparaginase medac®), Oncaspar®, and Erwinase®, which correspond to different formulations and/or different production processes. As a result, these products have separate profiles, particularly in terms of activity duration, frequency of injections, and side effects.

The native form (Kidrolase®, Leunase®, and asparaginase medac®) is the first L-asparaginase. Sales of it began in France in 1971. Erwinase® and Oncaspar® were sold for the first time in 1985 and 1994 respectively. These products are indicated for the treatment of ALL, but are not or are very rarely used in patients with AML.

3.4.2 ERY-ASP/GRASPA®: An innovative treatment entering the market

Recognizing a real need for a new L-asparaginase drug, ERYTECH developed the product ERY-ASP/GRASPA®. ERY-ASP/GRASPA® consists of an L-asparaginase encapsulated in a red blood cell. Encapsulation allows L-asparaginase to destroy asparagine within the red blood cell, without causing allergic reactions and reducing other side effects. ERY-ASP/GRASPA® offers a treatment with extended efficacy relative to the other forms and a significantly improved safety profile, making it possible to treat fragile patients.

Since 2006, ERYTECH has conducted 5 clinical trials, including 4 involving ALL, to establish the safety and efficacy of ERY-ASP/GRASPA® with 269 patients and 467 doses of the product administered as of March 31, 2014. The following table summarizes the main findings of these ALL studies. The results of the Phase I pancreatic cancer study are presented in Section 3.4.6 on solid tumors.

Synopsis of ALL clinical data

Indication	Study	N	Status	Key findings
Relapsed ALL children and adults	Phase I/II	24	Completed	GRASPA® is well tolerated even at the highest dose and demonstrated depletion equivalent to up to 8 injections of Kidrolase®
	Phase II/III	80	Completed	Primary objectives achieved and secondary objectives confirm a favorable profile for the clinical efficacy of GRASPA®; the study also shows favorable results in patients with histories of allergies to L-asparaginase.
ALL patients >55 years old	Phase II	30	Completed	GRASPA® is well tolerated in this highly fragile population and showed a remission rate of approximately 70%

Based on completed or ongoing clinical studies, ERYTECH expects to be able to file an application for marketing approval through the centralized procedure for Europe in 2015 for ALL.
In the meantime, ERYTECH has launched an Expanded Access Program (EAP) study treating patients who are allergic to all current forms of asparaginase.

L-asparaginase encapsulated for greater efficacy and improved safety:

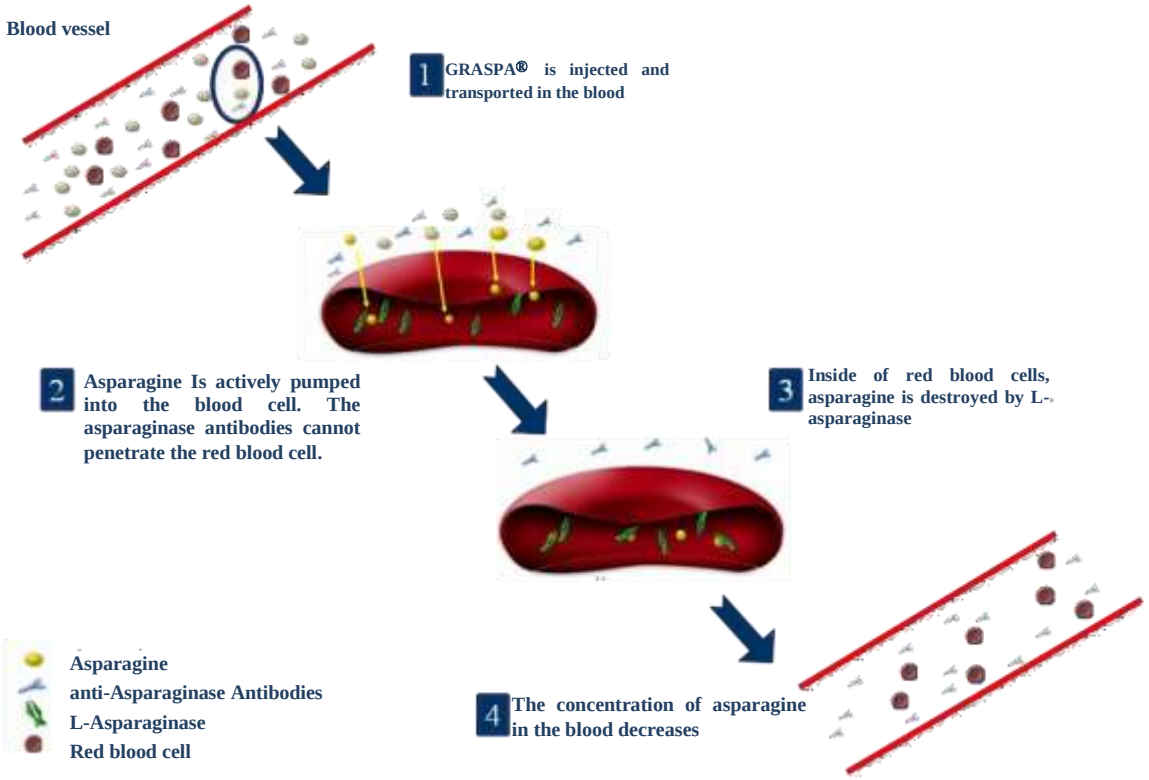
ERY-ASP/GRASPA® involves the encapsulation of the enzyme L-asparaginase. The red cell membrane protects the L-asparaginase from the antibodies that are present in patients' blood and would likely substantially lessen or completely neutralize the enzyme activity or cause a hypersensitivity reaction. Thus, L-asparaginase remains active within the red blood cell without causing immune or allergic reactions in the patient. The enzyme can remain active and effective in the red blood cell as long as it is in the bloodstream and it has been demonstrated that the encapsulation process does not significantly alter the red blood cell's life span (29 days on average).

The encapsulation of L-asparaginase therefore not only significantly improves the drug's safety profile but also maintains the therapeutic efficacy of the enzyme over a long period compared to directly administering it to the patient. For this reason,, ERY-ASP/GRASPA® may be administered to fragile patients who cannot receive current forms of L-asparaginase and offer all patients an effective treatment with fewer injections and fewer side effects.

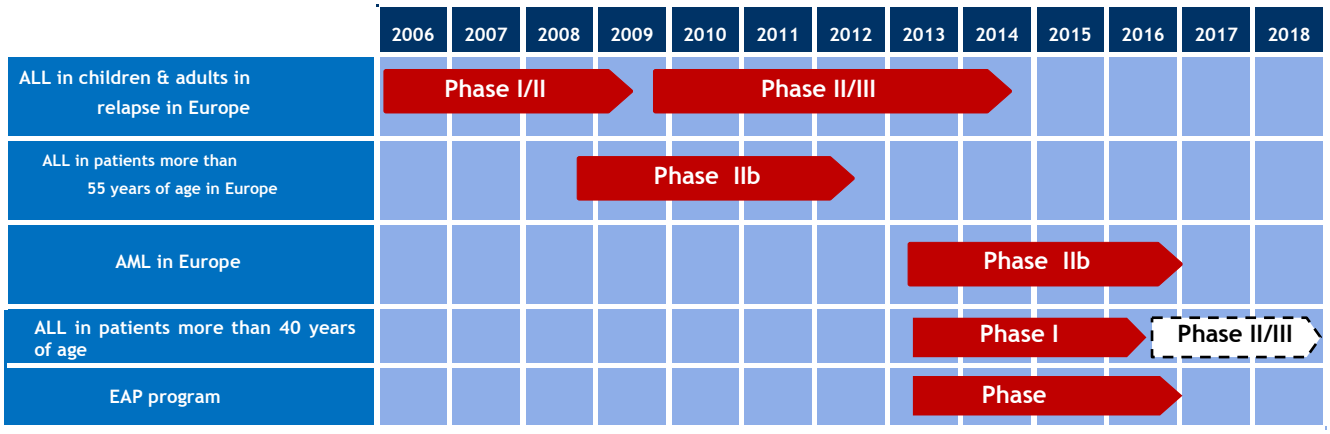
As illustrated in the following diagram, asparagine is an amino acid that naturally enters the red blood cell and ERYTECH's technology does not interfere with this natural mechanism.[5] The enzyme encapsulated in the cell, L-asparaginase, can then break down asparagine into L-aspartic acid and ammonia. The concentration of asparagine in the patient's blood decreases and leukemic and cancer cells are deprived of the asparagine they need to live, grow and develop.

Mode of action

[5] Ataullakhanov, 1985



Clinical results and ongoing clinical programs for acute leukemia:



At March 20, 2015:

Clinical study	Status	Number of patients included in the study	Number of patients included to date	Number of patients treated with ERY-ASP	Number of injections of ERY-ASP
Phase I/II study in adults and children with relapsed ALL (Europe)	Completed	24	24	18	28
Phase II study in patients over the age of 55 for first-line treatment (Europe)	Completed	30	30	30	53
Phase II/III study in adults and children with relapsed ALL (Europe)	Completed	80	80	54	129
Phase I/II study in adults over the age of 40 with ALL (in the United States)	Ongoing	12	3	3	3
Phase IIb study in patients over the age of 65 with AML (Europe)	Ongoing	123	81	48	219
Expanded Access Program for ALL in children and adults below the age of 55 not eligible for other forms of asparaginase (France)	Ongoing	N/A	12	12	435
Total		**269**	**230**	**191**	**467**

This section presents the protocols for these completed and ongoing clinical studies, and provides a breakdown of the results:

Phase I/II clinical trial in adults and children with relapsed ALL
ERYTECH conducted a Phase I/II clinical trial in 24 patients (children and adults with relapsed ALL) which demonstrated the safety of GRASPA®, its efficacy over time in reducing the level of plasma asparagine in a single injection by an amount equivalent to that observed after 8 injections of free L-asparaginase (standard treatment), as well as fewer side effects associated with L-asparaginase (high-grade allergic reaction and cases of poor coagulation disorders). Between 2006 and 2009, the Company completed this Phase I/II multicenter, randomized clinical trial (in France and Belgium) on GRASPA® comparing it to the standard treatment (free L-asparaginase - Kidrolase®) in adults and children with relapsed ALL.

Study protocol:
The main objective of this comparative study was to determine the relationship between the dose of GRASPA® (three doses tested: 50, 100 and 150 IU/kg) administered and the period during which plasma asparagine was reduced (depletion) in the sick patient. The trial was also designed to evaluate the efficacy of GRASPA® compared to the standard treatment through the duration of plasma asparaginase depletion, and the tolerance of the product by examining the side effects associated with GRASPA® encapsulated L-asparaginase.

The protocol for the clinical trial involved treating some adult or pediatric patients with relapsed ALL, according to the standard treatment, namely chemotherapy in combination with Kidrolase® free asparaginase, and the remaining patients with chemotherapy in combination with GRASPA®. Patients were randomly distributed into 4 groupsof 6 people: 3 groups received three gradual doses of GRASPA® (50, 100 and 150) in parallel and on a double-blind basis in addition to chemotherapy; the 4th control group received only the free asparaginase standard treatment (Kidrolase®) in combination with chemotherapy.

Results:
This Phase I/II study showed that GRASPA® produced an average asparagine plasma depletion duration after the first injection of a 150 dose of 18.6 days, a period equivalent to the average depletion observed in the control group treated with Kidrolase® (which has an average depletion duration of 20.6 days after 8 injections of a 10,000 IU/m² dose administered every three days).

A reduction in side effects was also observed for GRASPA®, particularly with regard to the occurrence of allergies, pancreatitis or coagulation disorders regardless of the dose of the product administered.

The table below presents the main clinical results of the Phase I/II study in adults and children with relapsed ALL during the first treatment cycle.

Clinical results of the Phase I/II study in adults and children with relapsed ALL

	Kidrolase® (standard L-asparaginase) (n=6)	GRASPA® (n=18)
	N (%)	N (%)
Allergic reaction	3 (50%)	0 (0%)
including high grade (3 or 4)	2 (33%)	0 (0%)
Clinical pancreatitis	0 (0%)	0 (0%)
Pancreatic enzyme elevation	1 (17%)	3 (16%)
Liver disorders	3 (50%)	7 (38%)
Hypoalbuminemia	2 (33%)	0 (0%)
Coagulation disorder	4 (67%)	3 (16%)
including clinical thrombosis	1 (17%)	0 (0%)

Source: Domenech e.a. BJH 2010

Phase II clinical trial in patients over the age of 55 with ALL for first-line treatment

In 2008, ERYTECH conducted a phase II, dose-escalation clinical trial on GRASPA® as first-line treatment in 30 patients over the age of 55 with ALL and without the Philadelphia chromosome (Ph-ALL). These clinical trials confirmed a favorable tolerance profile for GRASPA® in a population of particularly fragile elderly patients and an absence of clinical allergies, absence of pancreatitis. Moreover, this trial showed that GRASPA® (100 IU/kg) resulted in complete remission for 77% of patients with a median survival improved by 6 months compared to historical data.

Study protocol:
The study's main objective was to determine the maximum tolerated and effective dose of GRASPA® (among the three doses of 50, 100 and 150) in combination with chemotherapy, in the population studied. This clinical trial also aimed to evaluate the side effects related to the investigational drug in combination with chemotherapy, its pharmacokinetic and pharmacodynamic parameters and the rate of complete remission after treatment.

The study was open-label with a 3-patient cohort and included escalating doses of GRASPA® (50 IU/kg, 100 IU/kg and 150 IU/kg). After administration and review of the clinical response of the first cohort to the lower dose of GRASPA®, an independent monitoring board approved the transition to the higher dose. Patients were monitored every 3 to 4 weeks and then every 2 to 3 months to collect data pertaining to patient survival.

Study results:
The following table presents the key results of the Phase II clinical trial by dose of GRASPA® administered:

Clinical results of the Phase II study in elderly patients over the age of 55 with ALL for first-line treatment

	GRASPA® 50 (n=3)	**GRASPA® 100 (n=13)**	**GRASPA® 150 (n=14)**
	N (%)	**N (%)**	**N (%)**
Clinical allergies	0 (0%)	0 (0%)	0 (0%)
Clinical pancreatitis	0 (0%)	0 (0%)	0 (0%)
Pancreatic enzyme elevation	1 (33%)	2 (15%)	3 (21%)
Thrombosis/attack	1 (33%)	1 (8%)	2 (14%)
Reduction of ATIII	2 (67%)	3 (23%)	7 (50%)
Complete remission	2/3 (67%)	10/13 (77%)	9/14 (64%)
Median survival	-	15.6 months	9.5 months

Source: Hunault – Berger e.a., ASH abstract #1473, 2012

Phase II/III clinical trial in adults and children with relapsed ALL

Analysis of the data from the GRASPIVOTALL clinical trial (GRASPALL2009-06), after one year of monitoring, demonstrates that the study convincingly achieved its primary objectives, and its secondary objectives confirm a favorable profile for the clinical efficacy of GRASPA®. The study also shows favorable results in patients with histories of allergies to L-asparaginase.
The GRASPIVOTALL study is a controlled, multi-center Phase II/III clinical study performed on 80 children and adults with relapsed or refractory acute lymphoblastic leukemia (ALL). This study is broken down into three arms. The first two compare GRASPA® native E. Coli L-asparaginase, both in association with standard chemotherapy (COOPRALL), in a randomized study with a proportion of one to one in patients without a history of allergy to L-asparaginase. The third arm is an open study evaluating GRASPA® in patients who have had allergic reactions to L-asparaginase during first-line treatments.
The main evaluation criteria for this study involves two objectives, in accordance with the opinion of the CHMP[6]: a) a higher tolerance, seen in a significant reduction in the incidence of allergic reactions to GRASPA® as compared to the control group, et b) a duration not less than the asparaginase activity, beyond the threshold of 100 IU/l, during the induction phase in non-allergic patients. The two criteria needed to be satisfied for the study to be considered positive. The main secondary objectives of efficacy involved complete remission (CR), minimal residual disease (MRD), progression-free survival (PFS), and overall survival (OS).
The primary objectives achieved are as follows:

- Statistically significant reduction in allergic reactions: none of the 26 (0%) patients treated with GRASPA® had an allergic reaction, as compared to 12 patients out of 28 (43.9%) treated with native L-asparaginase in the control group ($p<0.001$).
- Statistically significant increase in the duration of activity of the circulating asparaginase: in the GRASPA® group, the asparaginase levels were maintained below 100 IU/l for 20.5 days on average, with at most 2 injections during the first month of treatment (induction phase), as compared to 9.6 days in the control group ($p<0.001$).

The secondary objectives confirm a favorable profile for the clinical efficacy of GRASPA®. At the end of the induction phase, 15 patients (65%) in the GRASPA arm showed complete remission, as compared to 11 patients (39%) in the control arm.

Equally promising results were seen in patients with histories of allergies to L-asparaginase. A favorable clinical profile was found in patients with histories of allergies to L-asparaginase. Only three patients had slight allergic reactions.

These results confirm the previous observations made with GRASPA® in a Phase I/II randomized, dose-escalating study of 24 patients with a relapse of ALL, and a Phase II study in patients older than 55 years of age with ALL and receiving first-line treatment.

[6] Based on the scientific opinion obtained by the Scientific Advice Working Party (SAWP)/Commission for Human Medicinal Products (CHMP) at the European Medicines Agency (EMA)

Table summarizing the Phase III results of the GRASPIVOTALL clinical study with ERY-ASP/GRASPA®:

	Randomized arm			**HypSen Arm**
	ERY001 N=26	**L-ASP** N = 28		**ERY001** N = 26
Primary objectives				
Duration with asparaginase activity > 100 IU/l (days)*	20.5 ± 5.2	9.4 ± 7.4	p<0.001	18.6 ± 6.3
Hypersensitivity to all grades of asparaginase	0 (0%)	12 (43%)	p<0.001	3 (12%)
Grade ≥ 3	0 (0%)	7 (25%)		0 (0%)
Main secondary objectives				
Complete remission**	17 (65%)	11 (39%)	p<0.05	14 (54%)
MRD < 10-3**	9 (35%)	7 (25%)		6 (23%)
Overall survival at 6 months	92.3%	78.6%		73.1%
Overall survival at 12 months	76.9%	67.9%		50.0%
Event free survival at 6 months	75.7%	60.7%		60.4%
Event free survival at 12 months	64.9%	48.6%		50.3%

* measured in the total blood ** at the end of induction

Phase IIb clinical trial in patients over the age of 65 with AML

A Phase IIb, multi-center clinical study is currently under way in newly diagnosed subjects with AML over 65 years of age and unable to receive intensive chemotherapy. Generally, L-asparaginase is very rarely used for this indication. Although the efficacy of this treatment has been demonstrated for AML, the risk of side effects for this fragile population of often elderly patients is too great to justify the administration. The primary objective of this study is to evaluate the efficacy of GRASPA® when added to the standard product (low-dose cytarabine). To accomplish this, progression-free survival will be analyzed between patients receiving GRASPA® in combination with low-dose cytarabine, and patients receiving only low-dose cytarabine. This study plans to recruit 123 patients, 2/3 of whom will be treated with GRASPA®. The study protocol includes monitoring patients for 24 months, an analysis of the first 30 patients to analyze tolerance by a Data Safety Monitoring Board (DSMB) and a second interim analysis after inclusion of 60% of the patients and one third where sixty patients have experienced a progression of their disease.

The first analysis by the DSMB was performed in November 2013, and the second in August 2014. The Committee of Independent Experts issued a favorable opinion with regard to the continuation of this clinical trial after evaluation of the product's tolerance in the first 30 and 60 patients treated. An analysis of 60 events is planned for the second quarters of 2015. The results at one year from the study are expected by the end of 2016.

Obtaining orphan drug designation and its benefits:

Regulatory authorities in Europe and the United States have established marketing approval and specific reimbursement procedures for drugs to treat orphan diseases in order to encourage development efforts and innovation in connection with these diseases that affect very few patients. In particular, requirements for the necessary clinical studies are adjusted to take into account the small patient population and procedures for obtaining Marketing Approval (MA) are often facilitated and accelerated to meet public health needs.

The major advantage of this legislation is to allow manufacturing pharmaceutical companies selling products with orphan drug designation to take advantage of exclusive marketing after obtaining an MA for the product for 7 and 10 years, in the United States and Europe respectively.

The EMA and the FDA have granted Orphan Drug Designation to ERY-ASP/GRASPA® for ALL, AML, and pancreatic cancer.

Placement of GRASPA® on the market:

Based on the results from the phase II/III clinical study in adults and children with relapsed ALL, and based on previous studies, ERYTECH will be able to file an AMM marketing approval application through the European centralized procedure in 2015.

Indicative timetable

ALL: Phase II/III results in relapsed adult or pediatric patients	Q3 2014
ALL: Submission of the MA application to the EMA	2015
ALL: European MA through the centralized procedure	2016
AML: Results at one year from the Phase IIbs study	2016

Positioning of GRASPA® on the market:

GRASPA® will be marketed by Orphan Europe (Recordati Group) in 38 European countries and by the Teva Group in Israel. The product's positioning in terms of marketing strategy will be developed in consultation with ERYTECH.

For ALL, ERYTECH anticipates that the dynamics of adopting the product will begin with the fragile populations as well as with elderly patients and adults who cannot receive the current forms of L-asparaginase and relapsed or refractory adult and pediatric patients who also cannot be treated with L-asparaginase. GRASPA®'s use can naturally be extended to other patients with the clinical experience acquired by oncologist-hematologists by capitalizing on GRASPA®'s proven safety.

Based on the advantages that GRASPA® could have compared to other forms of L-asparaginase and unmet medical needs, ERYTECH believes that GRASPA® could potentially be the preferred L-asparaginase treatment for one in three ALL patients or approximately 5,000 newly diagnosed patients per year (3,000 in Europe and 2,000 in the United States).

The lack of an L-asparaginase treatment that is approved and/or used in AML may allow GRASPA® to be positioned as the first-line treatment for these patients. Clinicians have expressed a strong interest in using L-aspariginase to treat AML and ERYTECH intends to meet this demand with GRASPA®. GRASPA®'s primary target for AML represents more than 11,000 patients with AML (more than a third of new cases per year in Europe and the United States). These are patients whose type of AML is particularly sensitive to the removal of asparaginase (about 70%) and whose general health is particularly fragile (about 2 in 3 patients).

The following table illustrates the treatment costs associated with the major L-asparaginase drugs currently on the market for one round of chemotherapy (about 1 month) – considering that a given patient usually requires several. Taking into account the innovative nature of GRASPA®, its medical value and its target position in the treatment of acute leukemia, ERYTECH expects to target a price position similar to Erwinase®. It is important to remember that the pricing and reimbursement of GRASPA® will need to be determined according to the regulations and practices in force in the various countries and the health and drug delisting policies will gradually become more rigorous.

The estimated cost of treatment with the major L-asparaginase drugs

Product	**One-month treatment cycle**	
	Injections	**Cost**
Oncaspar®	2	Europe price: 2,400 – 4,800 Euros US Price[7]: $11,200 – 23,000
Erwinase®	12	Europe price: 17,000 – 42,000 Euros US Price[7]: $86,400 – 216,000

Source: ERYTECH

3.4.3. Marketing GRASPA® in Europe and Israel

ERYTECH has entered into two major partnerships for the commercialization of GRASPA® in 38 European countries with Orphan Europe (Recordati Group) and in Israel with the Teva Group. Thanks to the innovative nature of GRASPA®, its ability to satisfy unmet medical needs and its progress in clinical development, ERYTECH was able to obtain favorable terms, particularly with regard to the sharing of future profits. Both partners have recognized trade capacities and can effectively promote GRASPA® in their respective territories.

Furthermore, it should be noted that there are relatively few potential prescribers of GRASPA® in each country, mainly hematologist-oncologists, who are clearly identified. Therefore, awareness of specialized products such as GRASPA® and adoption of the drug can occur very quickly. In addition, GRASPA® does not require existing ALL treatment protocols to be modified since L-asparaginase is already included in them. For specialty products like GRASPA®, the commercial and promotional resources required are modest compared to other drugs in general practice for example, thereby making high margins possible.

[7] Based on the last price per vial

European partnership with Orphan Europe (Recordati Group) for placement on the market in Europe:

On November 23, 2012, ERYTECH signed a marketing agreement with Orphan Europe, a company specialized in the development, production, and marketing of drugs for orphan diseases. Orphan Europe is a subsidiary of Recordati, a major pharmaceutical group in Europe.

Orphan Europe has a portfolio of orphan drugs already on the market in different areas such as neonatology, pediatrics, metabolic disorders. Orphan Europe is a leading player in the field of orphan diseases and has the medical, clinical, regulatory and commercial expertise to market and effectively sell GRASPA® in Europe. Orphan Europe is a strategic business for Recordati, which acquired the company in 2007 for €135 million and built it up further with the acquisition of a portfolio of rare and orphan disease drugs in the United States for $100 million.

Orphan Europe will market GRASPA® in 38 European countries, including all the countries in the European Union for the treatment of ALL and AML. The parties have the opportunity to discuss the extension of this agreement to other areas around Europe and other indications.
ERYTECH is keeping the production of GRASPA® at its Lyon site and will supply Orphan Europe in the various European countries where the drug will be sold.

Under this agreement, Orphan Europe contributed €5 million upon signing. Orphan Europe will have to pay ERYTECH up to €37.5 million in future payments based on different clinical, regulatory and sales events, and Orphan Europe will participate in the costs of the clinical development of GRASPA® for AML. ERYTECH will receive a price for the product delivered and royalties on sales of GRASPA® by Orphan Europe for a total of up to 45% of the net sale price.

Separately, another Recordati Group company has purchased bonds that were converted into an investment in ERYTECH equity worth €5 million at the time of the initial public offering in April 2013.

Partnership with the Teva Group for placement on the market in Israel:

On March 28, 2011, ERYTECH signed a partnership agreement with the Teva Group, a global player in the pharmaceutical industry based in Israel, to distribute GRASPA® in that country. The Teva Group is a diversified pharmaceutical group with a strong strategy in innovative specialized products and in particular in therapeutic areas such as the central nervous and respiratory systems, women's health, oncology and pain.

In accordance with the terms of the agreement, the Teva Group will submit the request for approval of the drug for ALL in Israel and ensure marketing and distribution in the long term in this country. The Teva Group will pay interim payments and share net earnings of product sales in Israel.

Other partnerships under consideration for other countries:

ERYTECH retains all rights to ERY-ASP outside the 38 European countries covered by the partnership with Orphan Europe (Recordati Group) for ALL and AML, and in Israel with the Teva Group for ALL. In particular, ERYTECH owns all rights for ERY-ASP in the United States and for other indications such as, for example, solid tumors.

ERYTECH aims to secure distribution agreements in countries around Europe and particularly markets such as Russia and Turkey. In some of these countries, Orphan Europe (Recordati Group) has a right of first negotiation.

3.4.4. Commercial scale industrial process and secure supply

The Company has a production unit with enough capacity to cover the needs of the European market up to 2-3 years after initial placement on the market. This unit meets the highest requirements of ANSM and has "Operating Pharmaceutical Facility" status.

The company has secured its supply for the main raw materials needed to manufacture ERY-ASP/ GRASPA®:

L-asparaginase: ERYTECH Pharma and Medac signed two worldwide exclusive long-term agreements according to which Medac supplies ERYTECH with two forms of asparaginase that ERYTECH uses for the production of ERY-ASP/GRASPA®, for clinical trials, as well as for the sale of ERY-ASP/GRASPA®, for the therapeutic indications defined by ERYTECH. Medac is a German pharmaceutical company based near Hamburg and selling L-asparaginase.

Red blood cells: ERYTECH signed two supply contracts with the Établissement Français du Sang [French Blood Facility] and the American Red Cross, two well-known blood banks, for transfusion quality human red blood cells.

3.4.5. Development of ERY-ASP for leukemia in the United States

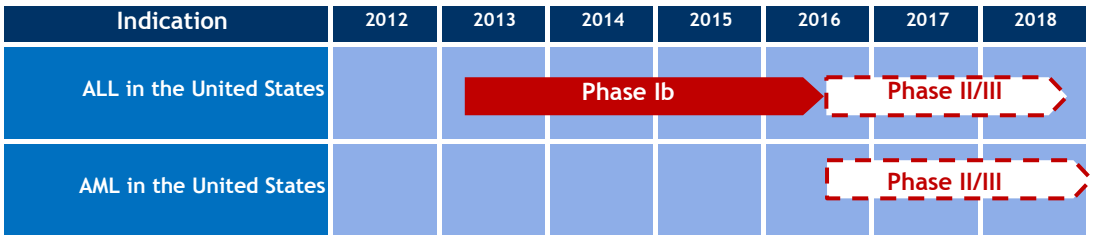
ERYTECH's goal is to develop ERY-ASP in the United States, which represents a significant potential market for ALL and AML.

ERYTECH plans to capitalize on the clinical studies already completed or underway in Europe and replicate the clinical development of ERY-ASP in the United States. On March 21, 2013, ERYTECH obtained authorization from the FDA (Investigational New Drug or IND) to begin a Phase Ib clinical study on ALL and began recruiting its first patients in the third quarter of 2014. The estimated cost of this Phase Ib clinical study is approximately 4 million Euros, and the Company intends to finance it with the funds raised upon its introduction on the stock market. This study will also make it possible to pursue clinical development for ALL and AML alone or in a partnership. Further clinical development may include Phase II/III studies for ALL and AML and could make it possible to file an authorization for placement on the market within the 2018/2019 horizon.

ERYTECH has established a close partnership with the American Red Cross in Philadelphia. Under this agreement, the American Red Cross will provide red blood cells, a classified production area and staff trained by ERYTECH, under the supervision of an ERYTECH representative sent to Philadelphia.

In April 2014, ERYTECH created a subsidiary in the United States (Cambridge) under the name of ERYTECH Pharma Inc., 100% held by the parent company, ERYTECH Pharma.

Development plan in the United States



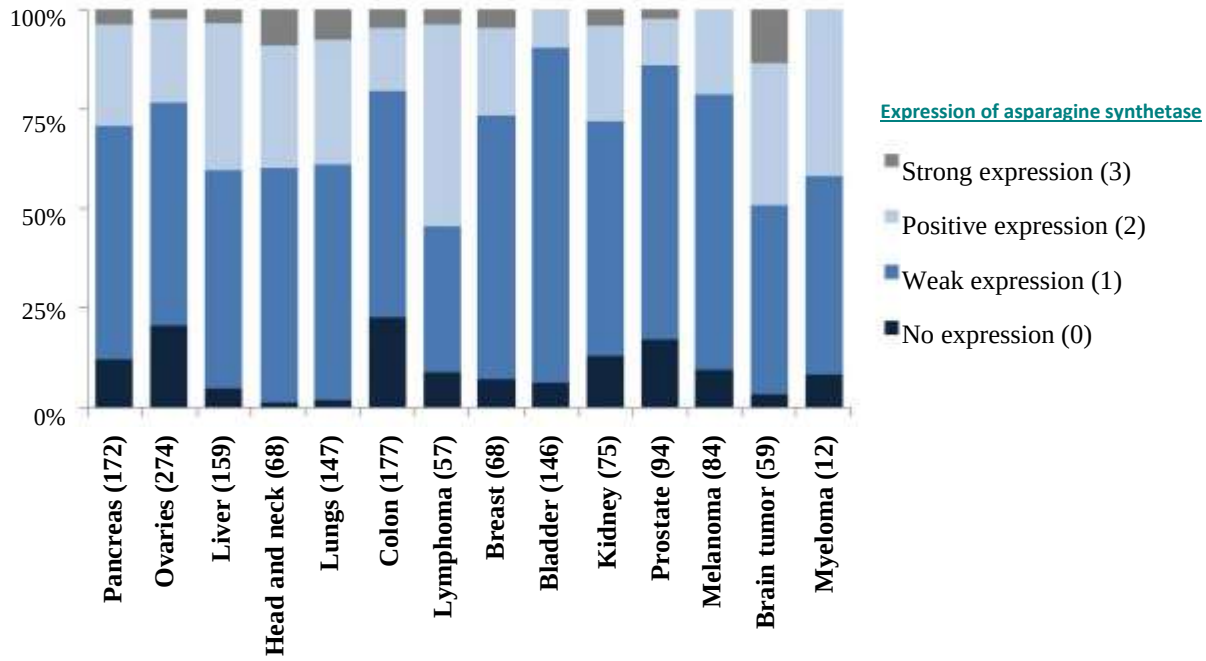
Phase Ib clinical trial in patients over the age of 40 for the first-line treatment of ALL
In 2013, ERYTECH launched a Phase Ib clinical study in the United States for patients greater than 40 years of age without the Philadelphia chromosome as first-line treatment in ALL, in combination with the standard chemotherapy (CALGB chemotherapy in the United States), in a sample of 12 to 18 patients with escalating doses (50 to 150 IU/kg).

This multicenter, non-randomized clinical trial strictly in the United States aims primarily to validate the toxicity, safety and efficacy profile of ERY-ASP, in combination with standard chemotherapy. This phase Ib study is the first clinical trial conducted by ERYTECH in the United States. As a toxicity study, it is anticipated that these results will also be used in the Phase I AML study.
The clinical trial and patient follow-up will take place at no more than 6 specialized centers.

3.4.6. Potential new indications for ERY-ASP: Solid tumors

As for leukemia, the rationale for treating tumor cells deprived of asparagine synthetase is also applicable to solid tumors as long as they do not produce asparagine synthetase and need to consume asparagine contained in plasma. Thus, ERYTECH conducted a study in collaboration with the MD Anderson Cancer Center to assess the proportion of tumors potentially sensitive to asparaginase, i.e., tumors that produce little or no asparagine synthetase.

Sensitivity of some solid tumors to asparagine deprivation



Source: Dufour et al., "Pancreatic Tumor Sensitivity to Plasma L-Asparagine Starvation,' ncreas, 2012

ERYTECH has also confirmed an immunohistochemistry test that detects, based on the tumor tissue, whether or not the tumor is producing aspargine synthetase and therefore whether it is resistant or sensitive to asparaginase.

Moreover, the Company has stipulated an exclusive license agreement with the NIH with a view to developing a companion test that determines the sensitivity of tumors to asparaginase. This test could be used in clinical studies, and is under commercial development with an industrial partner.

ERYTECH has conducted a Phase I study on pancreatic cancer to demonstrate the safety of ERY-ASP. This clinical trial demonstrated that ERY-ASP was well tolerated even at high doses. With these initial clinical results for solid tumors, ERYTECH plans to continue to develop ERY-ASP for pancreatic cancer and expand this development to other solid tumors of interest.

ERYTECH is developing possible new indications for ERY-ASP outside the area of leukemias and pancreatic cancer. Initial pre-clinical and clinical results suggest that ERY-ASP could also be effective against certain solid tumors for which therapeutic options are currently reduced. ERYTECH is preparing for the launch of a Phase II study on non-Hodgkin lymphoma.

Phase I dose-escalating clinical study of ERY-ASP in pancreatic cancer as last-line treatment

From 2009 to 2010 (12 months), ERYTECH conducted a Phase I, non-randomized, dose-escalation clinical trial in 12 patients in France. This clinical trial demonstrated that ERY-ASP is well tolerated in this highly fragile population, even at the highest dose (150 IU/kg).

Based on these initial clinical results with solid tumors, ERYTECH has continued the development of ERY-ASP in pancreatic cancer in a Phase II study in patients as a second-line treatment.

The Phase II study involves a total of 90 patients, randomized 2 to 1 between the basic treatment (Gemcitabine or Folfox) with or without ERY-ASP.

Clinical study	Status	Number of patients included in the study	Number of patients included to date	Number of patients treated with ERY-ASP	Number of injections of ERY-ASP
Phase I study on pancreatic cancer (France)	Completed	12	12	12	12
Phase II study on pancreatic cancer (France)	Ongoing	90	20	15	50
TOTAL		102	32	27	62

3.4.7. Other development projects

TEDAC/ERY-MET

TEDAC is a research and development project meant to treat cancers resistant to radiation/chemotherapy conducted by ERYTECH in association with other companies and organizations: Diaxonhit, Inserm, Université Paris-Diderot [Paris-Diderot University] and AP-HP [Public Assistance - Hospitals of Paris].

The purpose of this project is to develop innovative enzyme therapies targeting the metabolic environment of tumors, provide individual care to patients with chemotherapy or radiation-resistant cancer thanks to the development of screening, and monitoring tests. This project would also enable the Company to develop a new range of therapeutic solutions by combining anti-cancer enzymes efficiently and safely by acting on the complete metabolic environment of the tumor. Over time, the goal is to offer a solution including a test predicting response to treatment, one or more suitable enzyme therapies, as well as a test to monitor therapeutic efficacy.

This project has a total cost of 22.6 million Euros and will take place over 8 years; 10.7 million Euros is being provided by Oséo (BPI) to fund it under the "Strategic and Industrial Innovation" program, of which 7 million Euros will be paid to ERYTECH. €2.1 million in grants and €4.9 million in repayable advances.

This made it possible to identify a new drug candidate, ERY-MET, composed of methionine-γ-lyase (MGL) encapsulated in red blood cells. MGL breaks down methionine, an amino acid, and may thus starve very many types of tumors sensitive to the elimination of this amino acid.
In its natural form, MGL has a very short half-life and is highly dependent on a co-factor to be effective. However, this co-factor has the special characteristic of being naturally present within red blood cells. With its exclusive encapsulation technology, ERYTECH demonstrated good stability of MGL in red blood cells, and the increase in its half-life to several days compared to some hours in its free-form.

On the basis of promising preclinical results, the company continues its preclinical development for the purpose of completing a clinical trial. The production industrialization phase has been launched in order to allow for the launch of a Phase I trial in men at the end of 2015/start of 2016.

3.5. ENVIRONMENTAL, SOCIAL, AND CORPORATE RESPONSIBILITY POLICY

ERYTECH Pharma is a biopharmaceutical company which wishes to become an international leader in customized medicine in the field of cancer.

ERYTECH Pharma Company aspires to conduct each of its actions as a Socially Responsible Enterprise.

Placing the patient at the heart of our priorities, demonstrating ethics and respect towards each person are shared values within ERYTECH Pharma and they form the basis for its approach as a socially responsible enterprise.

The employees are the ones who promote these values and develop business on a day-to-day basis. The Company has made a particular commitment to train them and offer them a healthy and safe work setting so that they can continue to form a team that is motivated by the Company's success.

ERYTECH Pharma has made a sustained investment in R&D to meet the challenges of public health and to offer innovative and radical therapeutic responses particularly in the field of cancer.

Its current activities thus are concentrated in research and development and production for clinical trials. They are being developed in close collaboration with health professionals, particularly physicians and pharmacists, whose expectations guide ERYTECH Pharma.

The Company is classified as a Pharmaceutical Facility, a supervised status.

This report is intended to present the Company's stakeholders with its contribution in terms of Sustainable Development.

3.5.1. JOBS AND CORPORATE RESPONSIBILITY

The table below summarizes the numerical indicators used to describe jobs at ERYTECH Pharma over the last three years:

	2012	2013	2014
Total personnel and the distribution of employees by sex and by age			
Personnel at the end of the fiscal year (headings)	37	36	43
Staff distribution M/W (%)	32/68	32/68	40/60
Mean age (years)	35	36	35
Employees 45 years of age or greater (employees, %)	8%	14%	4%
Hires and dismissals			
Net number of jobs created	1	-1	6
Compensation and its evolution			
Mean gross remuneration	47,072	52,852	55,325
Annual increase ratio (comparable personnel)	nd	7%	5%

- **Total personnel and the distribution of employees by gender and by age**

ERYTECH Pharma's personnel has remained stable between the 2013 financial year and the 2014 financial year. All personnel is located at a single site in Lyon, in the eighth district. The Men/Women distribution as well as the average age are generally stable. The number of collaborators more than 45 years of age is nearly stable: 5 in 2014 versus 3 in 2013.

Staff are highly qualified: managers represented 51% of the personnel in 2014. At the end of the year, the personnel included 9 employees holding a doctorate in science, medicine, or pharmacy and 16 employees holding a diploma in engineering or a master's degree, i.e., respectively 21% and 38% of the total staff.

- **Hires and dismissals**

In 2014, twelve new employees joined the company under different contracts: 6 permanent contracts and 6 fixed-term contracts.

Four employees working under permanent contracts left the company during the year, one as part of a dismissal, another as part of a mutually agreed departure, and two others through resignations. Two employees with fixed-term contracts reached the end of their contracts in 2014.

ERYTECH Pharma receives interns coming from schools or universities. In 2013 and 2014, interns received an indemnity that was above the legal minimum. As with any employee, they receive meal tickets and their transportation costs are reimbursed at a rate of 50%. Periods of internship are considered for purposes of seniority for those interns hired at the end of their internship. One intern was hired at the start of 2014 under a fixed term contract, following his internship.

ERYTECH Pharma also allows young diploma-holders to benefit from Volontariat International en Entreprise [International Volunteers in Business] (VIE). Additionally, the Company will be entrusting one of its employees with an 18-month professional assignment in Philadelphia (USA),.

- **Remuneration and its evolution**

The Company applies an individual system for evolution in remuneration. There are two components to bonuses: individual and collective based on reaching objectives (quality, personal, department, company). Personnel working under fixed term contracts receive payment of the bonus for at-risk employment should their contract not be renewed.

a. Organization of work

ERYTECH Pharma complies with current law and has set the hours of the standard workweek to be 35 hours. These terms apply on a pro-rated basis to part-time employees

The table below summarizes the indicators used to describe the organization of work at ERYTECH Pharma over the last three years:

		2012	2013	2014
Organization of time at work				
	Rate of part-time employees (%)	9.86%	6.69%	8.58%
Absenteeism				
	Rate of absenteeism	2.40%	2.40%	1.75%

The rate of part-time work increased; there were four people working part-time (80%) at the end of 2014, versus three at the end of 2013.

Employees working part-time do so at their request; this is due primarily, but not exclusively, to parental leave. In effect, in order to find the right balance between professional activity and personal and family life for men and women, the Company examines each request seeking to adapt the organization of work.

The absenteeism rate (excluding maternity, paternity, or parental leave) is stable; in the main, days of absence are days of absence due to illness (97%) and "sick child" days. No absence has been associated with a job-related illness.

b. Corporate relations

Given the size of its personnel (fewer than 50 employees), the Company has one employee representative and one deputy. Meetings with the employee representative are held regularly, in accordance with legal procedures and even beyond that, since all questions are considered, even those that do not lie within the purview of powers awarded to the employee representative.

Agreements signed or commitments in the Company are as follows:

- The individual right to training: and enterprise-level agreement respecting the exercise of the Droit Individuel à la Formation [individual right to training] (DIF) was signed on April 27, 2009.
- Incentive: an incentive agreement for the company's staff was signed on November 29, 2013. This took effect as of January 1st, 2014. For 2014, the Company granted a supplementary profit-sharing and stipulated an amendment to contributions on employee savings plans such as PEE and PERCO (the management costs are borne 100% by the company).
- Remuneration for "sick child" days: unilateral commitment by the employer, who decides to pay for "sick child days" subject to certain limits and conditions.

- Work on weekends/public holidays and annual leave: Personnel in the Quality Assurance, Research and Development, Quality Control, and Production departments may be required to work on weekends and/or public holidays. The memo of July 16, 2013 was modified on October 28, 2014 with a view to equalizing the remunerations established between departments and to propose remunerations equivalent to or greater than those that were previously established. The memo entered into effect on November 17, 2014.
- On-call weekends and public holidays: Personnel in the Quality Assurance, Quality Control, Production, and Research and Development departments may be required to work on weekends and/or public holidays through on-call duty. The memo of March 30, 2012 was modified on October 28, 2014 with a view to equalizing the remunerations established between departments and to propose remunerations equivalent to or greater than those that were previously established. The memo entered into effect on November 17, 2014.

- **Internal communications**

The life of the company is based on active internal communication and participatory management. The company regularly organizes meetings within the departments about the various projects. Inter-departmental meetings have been implemented. Moreover, some informational meetings with employees, managers, or all categories put together, are organized thematically (for example during the IPO), so as to preserve dialogue and encourage employees to express themselves.

Each quarter, a meeting is organized with HR in which widely ranging themes are discussed such as training programs, end-of-year interviews, company insurance, incentives, etc.

Twice a year, ERYTECH Pharma offers "corporate days", which are essential for strengthening cohesion among the teams.

c. Health and safety

The company's activities are conducted in a particularly strict setting with regard to authorizations and approvals, and safety of the personnel is a fundamental element for the company's sustainable development.

Additionally, from the beginning, the Company has deployed a policy of management through quality with ISO 9001 certification: 2008 certification covering all of its processes. Within this context, the Company has a general Health and Safety procedure governing the practices of personnel vis-à-vis the following two risks: biological and chemical.

Finally, problems pertaining to the personnel's hygiene and safety are followed and managed by the implementation of a Single Document, which identifies and evaluates work-related risks.
Within this framework, ERYTECH Pharma strengthened its team of first-aid rescue workers in 2014, adding a new member to this team.

The table below summarizes the indicators used to monitor health and safety at ERYTECH Pharma over the last three years:

	2012	2013	2014
Workplace accidents, particularly their frequency and their severity, as well as work-related illnesses			
Number of workplace accidents which resulted in work stoppage	1	0	2
Frequency rate* of workplace accidents resulting in stoppage	18 /1000000	0	36/1000000
Severity level** of workplace accidents	0.02%	0	0.26%
Number of workplace accidents without stoppage	0	1	0
Frequency rate* of workplace accidents without stoppage	0	17 /1000000	0
Number of incidents	1	1	0
Frequency rate* of incidents	18 /1000000	17 /1000000	0
Number of work-related illnesses	0	0	0

The number of accidents resulting in an absence from work was two for 2014. ERYTECH Pharma files the necessary declarations if there is a workplace accident or an accident during transit, whether or not they result in stoppage of work. They are recorded in the incident log maintained by ERYTECH Pharma.

In terms of Health and Safety, the Company complies with legal and contractual provisions and, to date, has not signed any additional agreements either with a collective bargaining organization or with the employee representative.

* Frequency rate of workplace/commuting accidents = (Number of accidents involving an absence from work) * 1,000,000/(Number of theoretical annual hours worked)
** Severity rate = (Number of days associated with workplace/commuting accidents) * 1,000/(Number of effective annual hours worked)
* Frequency rate of incidents = (Number of incidents) x 1,000,000/Number of theoretical annual hours worked

d. Training

The table below summarizes the indicators used to describe training at ERYTECH Pharma over the last three years:

	2012	2013	2014
Total number of hours of training			
Total number of hours of training	400	474	600,5
Mean volume of hours of training/employee/year	11	13	14
Proportion of personnel 45 years or older who has received training actions (%)	100%	40%	40%
(Number of persons concerned)	3/3	2/5	2/5
Training expenditure ratio*	2.13%	2.22%	2,31%

- **The policies implemented in terms of training**

The company has continued its training policy with a long-term perspective, on the basis of actions that are intended to strengthen collective and individual skills and abilities..

ERYTECH Pharma has moreover defined, for 2014 and 2015, the following focus areas for professional development:

- Excellence in skills and competencies;
- Better communication to work better together;
- The initiation of external professional practices;
- Interactions in English.

These focus areas have been defined in function of economic outlook and the evolution of jobs, investments, and technologies within the company, which were, namely, for 2014:

- Internalization;
- Improvement of the organization (“ERYTECH 2.0”);
- The needs of a pharmaceutical business.

This is why the 2014 training expenditure ratio has been maintained above the legal obligations (1.6% of the wage and salary bill, in accordance with the Labor Code).

e. Equality in treatment

- **Measures taken to promote equality between men and women**

During the Board of Directors' meeting of December 4, 2014, ERYTECH Pharma proposed continuing the measures initiated in 2014 with a view to consolidating equality between men and women possessing equal qualifications and skills, and more particularly to give preference to the hiring of women at the "Director" level and to give preference to the hiring of men at other levels.

At December 31, 2014, in compliance with the transitional provisions of Law no. 2011-103 of January 27, 2011 relative to a balanced representation of men and women on boards of directors and supervisory boards and to professional quality, the proportion of directors of each gender was greater than 20%.

- **Measures taken to promote employment and integration of handicapped personnel**

*Training expenditure rate: Training expenses/wage and salary bill In consideration of the size of ERYTECH Pharma, the company must comply at minimum with the legal training expenditure rate of 1.6%.

ERYTECH Pharma recruitment procedures provide for the possible inclusion of disabled persons. Despite the placement of 2014 job offers on the Handi Em site (specialized in the insertion and continuation of disabled persons in jobs in the pharmaceutical industry), no applications have been received from disabled persons.

- **Steps taken to fight discrimination**

The external recruitment procedure reviews the regulatory requirements in terms of nondiscrimination when hiring. The procedure illustrates these requirements through a list of "prohibited questions."

f. Promotion and compliance with the stipulations of the fundamental conventions of the International Labor Organization as pertains to the respect for freedom of association and the right to collective bargaining, the elimination of discrimination in terms of jobs and professions, the elimination of forced or mandatory work, and the effect of abolition of child labor

The Company's employees conduct their activities in France.
The Company complies with current regulations in this country, namely in terms of:

- freedom of association: the Company's internal regulations allow its employees to participate in association-related activities. In effect, no restriction or penalty is applied in the event of its employee's membership in these associations.
- collective-bargaining: the Company can negotiate and stipulate one or more collective agreements in accordance with the conditions established by the Labor Code where the object of this agreement is not provided for under the Collective Agreement applicable to the Company and/or is subject to collective negotiation in compliance with labor law.
- elimination of forced or mandatory work, and effective abolition of child labor: the Company has no activities in a country in which such practices exist.
- elimination of discrimination in terms of jobs and profession.

3.5.2. ENVIRONMENTAL INFORMATION

The activities implemented include contract industrial production. These activities therefore result in either in massive use of raw materials, nor in significant energy consumption, nor significant discharge into the environment of greenhouse gases, nor use of soils. Furthermore, the activities inherent to the Company do not generate particular auditory nuisances for its employees or neighbors.

Activities are localized within the Bioparc, a health, safety and environment business park, developed as part of the Rockefeller health center in Lyon. The Company possesses quantitative elements that allow it to monitor practically all of its consumption of water and electricity (excluding consumption pertaining to the common areas, due to the ways the building is managed).

The Company has not identified any significant environmental risks associated with its activity such as could lead to establishing a provision against these risks or specifically training its employees with regard to these issues.

To date, the Company has not identified any opportunities for taking steps to protect biodiversity and adapting to the consequences of climate change.

In this setting, the following environmental indicators were chosen as being relevant:
- General environmental policy;
- Sustainable use of resources: energy consumption and water volume;
- Pollution and waste management: quantity of waste sent to a specific treatment center.

a. General environmental policy

Despite an environmental impact deemed to be low, the Company and its employees are involved, in terms of sustainable development, in continuation of the following actions:
- Having all unused documents destroyed and recycled (starting in the second semester of 2013) by a specialized company. Additionally, the Company has set the default settings on its printers to double-sided black-and-white printing. Finally, the Company has an electronic document management system and educates staff, by tracking printouts, with a view to limiting internal printouts;
- Recycling its packages by using a collective arrangement within the building;
- Implementation of energy-saving devices: widespread use of timers for lights and air-conditioning.
- Giving preference to teleconferencing over travel;
- Encouraging employees to privilege mass transit over personal vehicles.

ERYTECH Pharma chose its location in Lyon, at the heart of a center for health, which is well-served by mass transit, rather than outside of the city so as to limit travel by car.

b. Sustainable use of resources

The only energy source used by the Company is electrical energy. The following table presents the evolution in annual electricity consumption:

	2012	2013	2014
Electricity consumption (kWh)	283,798	279,558	301,825

For information purposes, 301,825 kWh consumed in 2014 represent 23.5 tons of CO2*.
* Application of the emissions factor (indirect energy) from the ADEME (French Environment and Energy Management Agency) (carbon base).

Water consumption corresponds to the pharmaceutical company's activities. Water discharged after use is water that comes from washing cycles (sinks, washing machines). Water that has been contaminated by biological or chemical waste is reprocessed.

	2012	2013	2014
Consumption of water (m^3)	8.37	8.21	8.21

The Company outsources the logistics associated with its activities.
It does not hold all the quantitative information enabling it to ensure the exhaustive monitoring of associated CO2 emissions. Further, the information known is presented in the table below:

	2012	2013	2014
CO2 emissions associated with professional travel of employees (train & airplane) (T)	44.4	65.8	99.3
CO2 emissions associated with letters and packages (planes & road transportation (T)	**Not Available**	**Not Available**	0.91
CO2 emissions associated with the shipping of medicines (planes, trains & road transportation) (T)	**Not Available**	**Not Available**	Not available

Intercontinental business trips are frequently necessary due to the international nature of the Company since 2013.

Despite several attempts, information relative to CO_2 emissions associated with the shipping of medicines could not be obtained.

c. Pollution and waste management

Within the scope of its CSR step, ERYTECH educates its collaborators on the rigorous management of consumables and waste. As such, in 2014, a significant decrease in the volume of elimination of expired reagents (“Securibags”) was recorded, reflecting good governance in the management of reagents used.
Moreover, within the objective of limiting the environmental impact of its waste, the Company systematically arranges for the removal and treatment of its waste resulting from laboratory activities by a specialized company, with a view to ensuring full traceability of the treatment method used.

In terms of volumes, quantities picked up and sent to the processing center are as follows:

	2012	2013	2014
Barrels and cans (in liters)	17,085	29,410	34,940
"Securibag" (in Kg)	78	90	1

The desire to pool development of the business with that of our region of origin is a major characteristic of the group:

2.5.3. SOCIAL INFORMATION

a. Territorial, economic, and social impacts from the company's activity

In 2014, 41.55% of the outlays made when conducting the development of its research projects are external expenditures.

In effect, the Company has a desire to pool development of the company with that of our region, notably by subcontracting to regional entities some of its preclinical studies and by creating partnerships with Ecole Vétérinaire de Lyon [veterinary school of Lyon] and Université Claude Bernard in Lyon. It also uses numerous consulting firms in the region (patents, finance, attorneys). Further, in 2014, the company chose to add a program proposed by the Chamber of Commerce and Industry through the Espace Numérique Entreprise for small-medium businesses with a view to evolving its information system.

ERYTECH Pharma has decided to collaborate with ERAI (Entreprise Rhône Alpes International), an entity established by the Rhône Alpes region with a view to continuing its economic development internationally. This decision naturally results from the Company's desire to foster a strengthening of the attractiveness of Rhône Alpes, one of the mission of the ERAI.

ERYTECH Pharma is also an active member:
- Nationally: in three professional organizations in the field of health and/or biotechnology: Les Entreprises du Médicament (LEEM) [medicinal products companies], France Biotech, and the Société Française des Sciences et Techniques Pharmaceutiques (SFSTP) [the French company for pharmaceutical sciences and technologies]
- Regionally: the center for competitiveness, Lyonbiopôle, and the cancer center Cancéropôle Lyon Auvergne Rhône Alpes; in 2014, it also joined the Association des Fabricants de l'Industrie Pharmaceutique de la Région Rhône-Alpes (AFIPRAL) with the objective of growing the performance of member businesses by mobilizing a regional network to share industrial know-how.

ERYTECH Pharma desires to create close relationships with training institutions and universities, and allows its employees to teach courses during their work time, within their field of expertise.

ERYTECH Pharma regularly participates in symposia, congresses, and annual conferences, notably including, in 2014:
- BIO International Convention in San Diego;
- AACR (American Association for Cancer Research) Annual Meeting in San Diego;
- ISCT (International Society of Cellular Therapy) Annual Meeting in Paris;
- ASH (American Society of Hematology) Annual Meeting in San Francisco.

These meetings allow the Company to meet with health care professionals and Key Opinion Leaders with a view to pursuing its focus areas for the development of innovative products and to meet unsatisfied medical needs.

b. Relationships with stakeholders

- **Relationships with its shareholders and investors.**

All shareholders have access to fall, transparent, and clear information, adapted to the needs of each person and useful for an objective assessment of the Company's growth strategy and results. This financial communications policy is intended to ensure that all shareholders have information in compliance with the practices of the financial marketplace.

A very wide variety of public documents, including those distributed as regulated information, covers the Company's activity, strategy, and financial information and are accessible on the Company's website under the Investors heading, in French and in English. There is also a dedicated email address for investors (erytech@newcap.fr).

In terms of regulated information, the Company releases the annual information required of a listed company. The financial information is supplemented by periodic information and press releases intended for the financial community and more broadly the public, concerning subjects of significant importance for the understanding of the Company's activities and strategy.

The success of the reserved capital increase for an amount of 30 million Euros on October 23, 2014 attests to the Company's influence not only on the European market, but also on the American market. This operation indirectly participated in the visibility of French biotechnology companies and regional know-how in France and abroad. Lastly, the funds raised during this capital increase will allow the Company to provide for the initiation of a portion of the biomedical research for which ERYTECH Pharma is the sponsor, and to launch a new clinical study of therapeutic indications in oncology and hemato-oncology. This biomedical research is performed with the objective of providing a tailored response to unsatisfied medical needs in the indications under study.

In 2014, ERYTECH Pharma participated in two trade fairs in order to meet smaller investors:
- The first, the Village des Actionnaires, took place in Lyon on June 12, 2014
- And the second, the Actionaria trade fair, took place in Paris on November 21 and 22, 2014.

- **Relationships with its partners**

At least once a year, steering committees are organized between the Company and its primary partners, for the purpose of discussing strategy and progress in joint projects.

- **Partnership or sponsorship actions**

Through its sponsorship activities, ERYTECH supports associations and projects within fields of health care, and notably in the fight against cancer. Their common points: consistency with our values and our desire for a strong territorial cohesion.
As such, during 2014, after the sponsorship of Journées Nationales contre la Leucémie [national days against leukemia] on March 29 and 30, 2014, employees organized various sales and collections with a view to sponsoring the participation of 2 colleagues in the Course des Héros, in support of the Association Laurette Fugain.

Further, for the "10 years" of the Company's activity, ERYTECH has sought to provide its financial support and thank the Centre Léon Bérard, its historical partner, which offered it the possibility of producing its first drug candidates upon creation of the company.

c. Subcontractors and suppliers

ERYTECH Pharma, wishing to share its values with its suppliers and sub-contractors, fosters regular collaborations, insofar as possible, with a view to building solid client-supplier and client-subcontractor relationships. This aspect is strengthened by the strategic nature of certain supplires. As such, the stakes surrounding strategic supplier relationships allow for enhanced dialogue. These suppliers are specifically monitored internally by dedicated teams, and a single, identified contact person.

The Company also has a selection, and supplier monitoring procedure for its business relations with suppliers for certain critical elements (clinical trials, nonclinical trials, pharmacovigilance, and production unit suppliers). Given the regulatory aspects of the Company's activities, most service providers and suppliers must also comply with the Best Laboratory and/or Clinical and/or Manufacturing Practices.

ERYTECH undertakes to apply the principles of the SRE to its purchases by selecting goods and services produced and delivered in compliance with rigorous environmental, social, and ethical principles. We pursue our volvement in the monitoring of SRE criteria with suppliers, as our internal procedure specifies, giving preference to suppliers who have an SRE policy that complies with the requirements of Grenelle II during the preselection period, with all services being equal. In effect,

ERYTECH Pharma updated its supplier evaluation questionnaire in 2014, with a view to learning the SRE steps undertaken by its partners. However, no selection has yet taken place since the integration of this criteria.

The Company's procedures provide for supplier audits based on the type of purchases (pharmaceutical business supplier, new supplier, critical nature, etc.). as well as follow-up audits. However, supplier audits do not incorporate the SRE aspects given the structure of the upstream market.

d. Fair dealing

Various policies have been implemented to reinforce the approach to ethics:

- Procurement policy:
  - a limit of €20,000, net of taxes, on authorizations to enter into contracts. Above that limit, authorization from the quality department is mandatory;
  - separation of duties for payments;
  - software barriers and traceability.

- Guide pertaining to the prevention of insider crimes and misconduct;
- Procedure for the management of health relations for the purpose of complying with the "Bertrand law";
- Management procedure for the handling of personal data and designation of an IT and freedoms correspondent on August 29, 2014;

- travel charter: listing the maximum amounts allocated for travel expenses.

e. Measures to promote patient health and safety

At the current stage of its development, none of the medicinal products being developed by the Company today has been marketed or received marketing approval. The development of medicinal products is highly controlled by strict regulation. The various phases in the development of medicinal products require animal tests at the outset (preclinical development) then tests with humans (clinical development). Each of the development phases requires prior authorization delivered by the oversight authorities following approval by the ethics committees.

As part of the research and development activities, the Company implements preclinical studies within a strict framework. For these phases, the Company may make use of service providers who conduct animal experiments. The latter must follow a national procedure pertaining to the protection of animals used for scientific purposes, pursuant to decree no. 2013-118 of February 1, 2013 which, namely, contains the obligation to obtain approval prior to conducting any project involving the performance of one or more experimental procedures using animals.

f. Other actions undertaken to promote human rights

The Company has not undertaken any additional action to promote human rights.

3.6. INFORMATION CONCERNING DIRECTORS AND CORPORATE OFFICERS

3.6.1. Administrative and management bodies

Please note that the Company was in the form of a corporation with an Executive Board and a Board of Supervisors starting on September 29, 2005. In a general meeting on April 2, 2013, the Company modified its mode of governance to the current one, that being a corporation with a Board of Directors.

3.6.1.1. Executive Officers and Directors

Composition of the Board of Directors:

The Company has the following directors:

Last name, first name, age	Term of office	Position
Gil Beyen 53 years old	1st appointed: The General meeting of April 2, 2013 (he had been chairman of the Board of Supervisors since 2012) Term expires: The ordinary general meeting of 2016 voting on the financial statements for the fiscal year ending December 31, 2015.	Chairman of the Board of Directors and Chief Executive Officer
Yann Godfrin 43 years old	1st appointed: The general meeting of April 2, 2013 (he had been a member of the Executive Board since 2005, Chairman of the Executive board from 2005 to 2010, and Chief Executive Officer since 2010). Term expires: The Ordinary General Meeting of 2016 voting on the financial statements for the fiscal year ending December 31, 2015.	Director and Chief Operating Officer
Galenos SPRL, represented by Sven Andreasson, 62 years old 25 rue Jean-Baptiste Meunier, B 1050 Ixelles, Belgium Independent director(1)	1st appointed: The general meeting of April 2, 2013 (chairman of the Board of Supervisors from 2009 to 2011, Vice President of the Board of Supervisors since 2011) Term expires: The general meeting of 2016 voting on the financial statements for the fiscal year ending December 31, 2015.	Director
Philippe Archinard 54 years old 47 rue Professeur Deperet, 69160 Tassin-la-Demi-Lune. Independent director (1)	1st appointed: The General meeting of April 2, 2013 (member of the Board of Supervisors since 2005) Term expires: The general meeting of 2016 voting on the financial statements for the fiscal year ending December 31, 2015.	Director
Martine Ortin George 66 years old 9 Southern Hills Drive 08558 Skillman NJ United States of America Independent director (1)	1st appointed: AGM of June 17, 2014 Term expires: The general meeting of 2016 voting on the financial statements for the fiscal year ending December 31, 2015.	Director
Hilde Windels 49 years old	1st appointed: AGM of June 17, 2014	Director

Last name, first name, age	Term of office	Position
Rollebaan 85 9860 MOORTSELE Belgium Independent director (1)	Term expires: The general meeting of 2016 voting on the financial statements for the fiscal year ending December 31, 2015.	

(1) Independent member as understood by the Middlenext Corporate Governance Code for small and mid-caps of December 2009.

The Chief Executive Officer, Gil Beyen, and the Delegated Managing Director, Yann Godfrin, have as their professional address the Company's head office , 60 avenue Rockefeller – 69008 Lyon.

The professional addresses of the other directors are those shown on the table above.

There are no family relationships between the persons listed above.

None of these people, over the course of the last five years:
- has been convicted of fraud;
- has been associated with a bankruptcy, seizure, or liquidation in his/her capacity as executive officer or director;
- has been prevented by a court from acting in a capacity as a member of a board of directors, executive board, or supervisory board of an issuer or participating in the management or conduct of business and of an issuer, and
- has not been subject to a management prohibition; and
- has not been the subject of indictment or official public sanction pronounced by the statutory or regulatory authorities, including by designated professional bodies.

During the financial year ended December 31, 2014, the following modifications took place concerning the Board of Directors:
- Sven Andreasson resigned from his position as director on January 22, 2014;
- The company GALENOS SPRL was appointed director by co-optation, to replace Sven Andreasson. This appointment was ratified by the mixed general shareholders' meeting of June 17, 2014;
- Martine Ortin George was appointed to a director position by the shareholders during the mixed general shareholders' meeting of June 17, 2014, for a duration of three years. Her mandate will be discontinued at the end of the ordinary general shareholders' meeting to be held in 2017 to rule on the financial statements for the year ended December 31, 2016;
- Hilde Windels was appointed to a director position by the shareholders during the mixed general shareholders' meeting of June 17, 2014, for a duration of three years. Her mandate will be discontinued at the end of the ordinary general shareholders' meeting to be held in 2017 to rule on the financial statements for the year ended December 31, 2016;
- The company KURMA Life Science Partners, for which Vanessa MALIER was the permanent representative, replacing Alain Munoz as of the Board of Directors' meeting of January 22, 2014, resigned from its position as member of the Board of Directors on July 17, 2014 (resignation acknowledged by the Board of Directors on August 29, 2014).

Composition of the General Management:

The Chairman and Chief Executive Officer of the Company is Mr. Gil Beyen.

The Company has two Delegated Managing Directors, Yann Godfrin and Jérôme Bailly, the Head Pharmacist.

Together, these people form the Company's Senior Management.

The directors' biographies are presented below in Section 3.6.4.

3.6.1.2. Other company mandates

During the financial year ended December 31, 2014, the Company's current executive officers and directors carried out or also carried out the following mandates and/or duties:

Last name		Other positions or terms as corporate officers during the financial year ended December 31, 2014	Other duties performed as executive officers or other positions outside of the Company over the last five years and which have ceased as of this day
Gil Beyen		Manager of Gil Beyen BVBA Manager of AXXIS V&C BVBA Director at Novadip Director at Waterleau NV Chairman of ERYTECH Pharma Inc.	Director at BIO.be
Pierre-Olivier Goineau[1]		Chairman of France Biotech Manager of SCI du Grand Tambour (a real estate company) Secretary and Treasurer of ERYTECH Pharma, Inc.	N/A
Yann Godfrin		Member of the Board of Supervisors for the NODEA MEDICAL company	N/A
Galenos SPRL, represented by Sven Andréasson		Director of Immunicum Director at Cellastra Chairman of Cantargia AB	Chairman and CEO of Beta-Cell NV Chairman of Unibioscreen SA Board Member of TiGenix NV Chairman of XImmune AB
Kurma Partners SA[2]	**represented by Vanessa Malier until July 17, 2014**	Director at SafeOrthopaedics[3] (as of 11/24/2014) Director at Umecrine Mood Director at Xeltis Director at Step Pharma	Member of the Board of Directors of Theradiag Member of the Board of Directors of Blink Observer at ABM Medical Member of the Board of Cellectis Member of the Board of Novagali Member of the Board of Vivacta Director of Vivalis Chairman of the Strategy Committee at PathoQuest Member of the Board of Directors of Prosensa Member of the Board of Directors of Adocia Member of the Board

Last name		Other positions or terms as corporate officers during the financial year ended December 31, 2014	Other duties performed as executive officers or other positions outside of the Company over the last five years and which have ceased as of this day
			of Directors of Integragen Member of the Board of Directors of Indigix Member of the Board of Directors of Zealand Pharma Member of the Board of Directors of Auris Director at Hybrigenics Member of the Supervision Committee at PathoQuest Director and Chairman of the Supervision Committee at Key Neurosciences Member of the Board of Directors of AM Pharma Member of the Bioalliance Pharma board Member of the Strategy Committee at ABM Medical Director and Member of the Board of Supervisors of Meiogenics Member of the Genticel Board of Directors Director at STAT Diagnostica Member of the Board of directors of Domain Therapeutics

Last name		Other positions or terms as corporate officers during the financial year ended December 31, 2014	Other duties performed as executive officers or other positions outside of the Company over the last five years and which have ceased as of this day
	represented by Alain Munoz until January 22, 2014	Director At AURIS[3] Director at GENTICEL[3] Director at HYBRIGENICS[3] Director at VALNEVA[3] Director at ZEALAND[3]	Not applicable
Philippe Archinard		Director and Chief Executive Officer of Transgene[3] TSGH's permanent representative on the board of ABL Inc Chief Executive Officer of TSGH Permanent representative on the Board of Directors of Synergie Lyon Cancer for Lyonbiopôle Director at Biomérieux[3] Chairman of Lyonbiopôle Director of CPE Lyon, representative of FPUL President of BioAster	Permanent representative to the Finovi Board of Directors for Lyonbiopôle
Jérôme BAILLY		Manager of GELFRUIT SARL (France)	
Martine Ortin George		Vice President of Pfizer Inc.[3]	- Vice President of Pfizer Inc. (United States) - Senior Vice President, GPC Biotech Inc. (United States) - Director, Cytomics Inc. (France)
Hilde WINDELS		- Director, VIB[3] - Director, Flanders Bio - Director and Managing Director, BioCartis	- - Director, MDX Health, - Administrative and Financial Director, Pronota - Administrative and Financial Director, Seps Pharma

[1]Pierre-Olivier GOINEAU resigned from his positions at ERYTECH Pharma on January 11, 2015 (*see supra §3.7.A.1*).
[2]KURMA PARTNERS SA resigned from its position at ERYTECH Pharma on July 17, 2014. The resignation of KURMA PARTNERS S.A. was acknowledged by the Board of Directors on August 29, 2014.
[3]Company listed on a regulated market

3.6.1.3. Experience with administrative and management bodies

The experience of each of the Company's executive officers and directors is described below.

– **Gil Beyen, Chairman and Chief Executive Officer, Chairman of the Board of Directors, Chief Executive Officer:**

Gil was the Co-founder and Chief Executive Officer (CEO) of TiGenix (NYSE Euronext: TIG BB) for 12 years. Before creating TiGenix, he had directed the Life Sciences division at Arthur D. Little in Brussels. He holds a masters in bioengineering from the University of Louvain (Belgium) and an MBA from the University of Chicago (USA).

– **Yann Godfrin, Chief Operating Officer and Director:**

Before co-founding the company, Yann was the R&D director at Hemoxymed Europe. He was also an industrial development consultant for BioAlliance Pharma and Hemosystem. Yann holds a Doctor in Life and Health Sciences from the University of Nantes, a degree in Biomedical Engineering from the Technological University of Compiegne and a Master's degree in Clinical Development of Health Products from the University of Lyon, France. He is the inventor of numerous patents and the co-author of numerous scientific publications. He is a member of several scientific societies.

– **Jérôme Bailly, Chief Operating Officer:**

Before joining the company in 2007, Jérôme was the Director of QA/Production at Skyepharma and Laboratoire Aguettant. Jérôme holds a Doctor in Pharmacy degree, and a diploma in Chemical Engineering, specializing in Biopharmaceutical Engineering: Cellular Production from École Polytechnique de Montréal (the polytechnic school of Montréal).

– **Galenos, represented by Mr. Sven Andreasson, Director:**

Sven is the commercial affairs director at Novavax (United States) and former Chairman and Chief Executive Officer of Isconova AB (Uppsalam SuèdeBeta-Cell NV (Brussels), Active Biotech AB (Lund, Sweden) and several companies within the Pharmacia group. He has much experience in international biotechnology companies and in the pharmaceutical industry.
Sven holds a Bachelor of Science and Business Administration and Finance from the Stockholm School of Economics and Business Administration.

– **Philippe Archinard, director:**

Philippe was appointed General Manager of Transgene on December 7, 2004, after spending 15 years with Biomérieux in various positions including directing the American subsidiary. Philippe has been CEO of the Innogenetics company since March 2000. He is a chemical engineer and holds a PhD in biochemistry from the University of Lyon completed by the Harvard Business School's Program of Management PMD.

- **Martine Ortin George, director:**

A doctor of medicine, Martine George has a broad experience in the United States in clinical research, medical affairs, and regulatory matters, acquired within large and small companies specialized in oncology. Until recently, Dr. George was Vice President in charge of Global Medical Affairs for Oncology at Pfizer in New York. Previously, she held the positions of Medical Director at GPC Biotech at Princeton and Head of the Oncology Department at Johnson & Johnson in New Jersey. Martine George is a qualified gynecologist and oncologist, trained in France and in Montreal. She began her career as the Department Head at the Institut Gustave Roussy in France, and was invited to the Memorial Sloan Kettering Cancer Center of New York as a professor.

- **Hilde Windels, director:**

Hinde Windels has more than 20 years of experience in corporate financing, capital markets, and strategic initiatives. She is the Managing Director and Director at Biocartis, a molecular diagnosis and immunodiagnostic solutions company based in Belgium and in Switzerland. Hilde Windels was previously the Financial Director at Devgen (Euronext: DEVG) from 1999 to the end of 2008, and member of the Devgen Board of Directors from 2001 to the end of 2008. Between the start of 2009

and mid-2011, she worked as an independent financial director for various private companies specialized in biotechnologies, and sat on the board of directors of MDX Health (Euronext: MDXH) from June 2010 to the end of August 2011. Previously, she was a corporate banking services manager at ING for a region of Belgium. She received her degree in economics from the Université de Louvain (Belgium).

1.1

3.6.2. Compensation and benefits

3.6.2.1 Compensation and in-kind benefits allocated to the Company's corporate officers for the last financial year

The positions presently held by the below-indicated persons are outlined in detail in Chapter 2.6.1 - Administrative and management bodies of the present report.

Summary table of compensation and BSPCE (founder stock warrants) allocated to each executive corporate officer:

	2014 Financial Year
Gil Beyen – Chairman & CEO	
Remuneration due in relation to the fiscal year (details in table 2)	338,168 €
Valuation of options allocated during the fiscal year (details in table 4)	513,960 €
Valuation of performance shares allocated during the fiscal year (details in table 6)	
TOTAL	**€852,128**
Pierre-Olivier GOINEAU - Deputy Chairman & Delegated Managing Director	
Remuneration due in relation to the fiscal year (details in table 2)	252,922 €
Valuation of options allocated during the fiscal year (details in table 4)	220,482 €
Valuation of performance shares allocated during the fiscal year (details in table 6)	
TOTAL	**473,404 €**
Yann Godfrin – Chief Scientific Officer Director	
Remuneration due in relation to the fiscal year (details in table 2)	252,768 €
Valuation of options allocated during the fiscal year (details in table 4)	234,127 €
Valuation of performance shares allocated during the fiscal year (details in table 6)	
TOTAL	**486,895 €**

Jérôme Bailly – Deputy Managing Director	
Remuneration due in relation to the fiscal year (details in table 2)	69,258 €
Valuation of options allocated during the fiscal year (details in table 4)	39,166 €
Valuation of performance shares allocated during the fiscal year (details in table 6)	
TOTAL	**€108,424**

Summary table of the compensation package for each executive corporate officer:

Gil Beyen	**2014 Financial Year**	
	Amounts due (5)	**Amounts paid (6)**
Fixed remuneration (1)	€244,000	244,000 €
Variable remuneration (1) (2)	€91,500	91,500€
Special remuneration (1)(4)		
Attendance fees		
Benefits in kind (3)	€2,668	2,668
TOTAL	**338,168 €**	**338,168 €**
Pierre-Olivier Goineau	**2014 Financial Year**	
	Amounts due (5)	**Amounts paid (6)**
Fixed remuneration (1)	175,783 €	175,783 €
Variable remuneration (1) (2)	67,500 €	67,500 €
Special remuneration (1)(4)		
Attendance fees		
Benefits in kind (3)	9,639 €	9,639 €
TOTAL	**252,922 €**	**252,922 €**

Yann Godfrin	**2014 Financial Year**	
	Amounts due (5)	**Amounts paid (6)**
Fixed remuneration (1)	175,550 €	175,550 €
Variable remuneration (1) (2)	67,500 €	67,500 €
Special remuneration (1)(4)		
Attendance fees		
Benefits in kind (3)	9,718 €	9,718 €
TOTAL	**252,768 €**	**252,768 €**

Jérôme Bailly	**2014 Financial Year**	
	Amounts due (5)	**Amounts paid (6)**
Fixed remuneration (1)	60,755 €	60,755 €
Variable remuneration (1) (2)	5,172 €	5,172 €
Special remuneration		
Attendance fees		
Benefits in kind (4)	3,331 €	3,331 €
TOTAL	**69,258 €**	**69,258 €**

(1) Components of gross remuneration before taxes
(2) The variable compensation is for objective-based bonuses
(3) The benefits in kind are composed of: vehicle rental, gas cards, as well as an unemployment insurance policy with the Garantie Sociale des Chefs et Dirigeants d'Entreprise (French GSC; unemployment insurance provider for corporate leaders)
(4) The benefits in kind are composed of a vehicle rental

Table of attendance fees and other compensation received by non-executive corporate officers:

Non-executive corporate officers	**Amounts paid during the 2014 financial year**
Sven Andreasson	
Attendance fees	1,000 €
Other remuneration (1) (2)	-
GALENOS SPRl	
Attendance fees	€19,476
Other compensation (1)	-
Philippe Archinard	
Attendance fees	€20,476
Other remuneration	-
Martine Ortin George	
Attendance fees	€10,024
Other compensation (1)	-
Hilde Windels	
Attendance fees	€9,024
Other compensation (1)	-
TOTAL	**€60,000**

(1) The amounts corresponding to fees and out-of-pocket expenses, paid by the Company.
(2) Amounts paid to GALENOS SPR, a company controlled by Sven Andreasson

Share subscription or share call options and other financial instruments giving access to the capital, allocated during the financial years 2010 to 2014 to each executive corporate officer by the issuer and by any group company

Name of executive corporate officer	Plan no. and date	Type of option (call or subscription)	Valuation of options according to the method adopted for IFRS accounts	Number of options allocated during the fiscal year	Exercise price for each new subscribed share*	Period of exercise
Gil Beyen	$BSPCE_{2012}$ 05/21/2012	Subscription	Fair value (Black & Scholes) IFRS 7	5,631 in 2014	7,362 €	Lapses on 05/20/2020
Gil Beyen	$BSPCE_{2012}$ 05/21/2012	Subscription	Fair value (Black & Scholes) IFRS 7	5,632 in 2013	7,362 €	Lapses on 05/20/2020
Pierre-Olivier Goineau	$BSPCE_{2012}$ 05/21/2012	Subscription	Fair value (Black & Scholes) IFRS 7	2,515 in 2014	7,362 €	Lapses on 05/20/2020
Pierre-Olivier Goineau	$BSPCE_{2012}$ 05/21/2012	Subscription	Fair value (Black & Scholes) IFRS 7	2,515 in 2013	7,362 €	Lapses on 05/20/2020
Pierre-Olivier Goineau	$BSPCE_{2012}$ 05/21/2012	Subscription	Fair value (Black & Scholes) IFRS 7	2,478 in 2012	7,362 €	Lapses on 05/20/2020
Yann Godfrin	$BSPCE_{2012}$ 05/21/2012	Subscription	Fair value (Black & Scholes) IFRS 7	2,515 in 2014	7,362 €	Lapses on 05/20/2020
Yann Godfrin	$BSPCE_{2012}$ 05/21/2012	Subscription	Fair value (Black & Scholes) IFRS 7	2,515 in 2013	7,362 €	Lapses on 05/20/2020
Yann Godfrin	$BSPCE_{2012}$ 05/21/2012	Subscription	Fair value (Black & Scholes) IFRS 7	2,478 in 2012	7,362 €	Lapses on 05/20/2020
Jérôme Bailly	$BSPCE_{2012}$ 05/21/2012	Subscription	Fair value (Black & Scholes) IFRS 7	515 in 2014	7,362 €	Lapses on 05/20/2020
Jérôme Bailly	$BSPCE_{2012}$ 05/21/2012	Subscription	Fair value (Black & Scholes) IFRS 7	515 in 2013	7,362 €	Lapses on 05/20/2020
Jérôme Bailly	$BSPCE_{2012}$ 05/21/2012	Subscription	Fair value (Black & Scholes) IFRS 7	428 in 2012	7,362 €	Lapses on 05/20/2020
Jérôme Bailly	$BSPCE_{Cadre}$ 22/12/2006	Subscription	Fair value (Black & Scholes) IFRS 7	75 in 2011	7,362 €	Lapses on 12/22/2016, canceled by the new plan of 05/22/2012

Jérôme Bailly	$BSPCE_{Cadre}$ 22/12/2006	Subscription	Fair value (Black & Scholes) IFRS 7	50 in 2010	7,362 €	Lapses on 12/22/2016, canceled by the new plan of 05/22/2012
Véronique Sezanne**	$BSPCE_{Cadre}$ 22/12/2006	Subscription	Fair value (Black & Scholes) IFRS 7	100 in 2011	7,362 €	Lapses on 12/22/2016, canceled by her resignation
Véronique Sezanne**	$BSPCE_{Cadre}$ 22/12/2006	Subscription	Fair value (Black & Scholes) IFRS 7	200 in 2010	7,362 €	Lapses on 12/22/2016, canceled by her resignation

* Pursuant to the decision to divide by 10:1 at the nominal share value (decision of the general shareholders' meeting of April 2, 2013), the terms and conditions of the warrants were modified to take this modification into account. As such, the exercise price, previously €73.62, is now set at €7,362.

SHARE SUBSCRIPTION OR CALL OPTIONS AND Founder's share warrants (BSPCEs) GRANTED TO THE TOP TEN BENEFICIARY NON-CORPORATE-OFFICER EMPLOYEES, AND OPTIONS EXERCISED BY THESE PERSONS	**Total number of options allocated/ of shares subscribed or called up**	**Average weighted price**	**Plan no. 1** *(1)*	**Plan no. 2** *(2)*
Options granted, during the fiscal year, by the issuer and any company included within the option assignment perimeter, to the ten employees of the issuer and of any company included within this perimeter, for whom the number of options thus granted is the highest (global information)	2,515	n/a	2,515	0
Options held in relation to the issuer and the aforesaid companies, exercised, during the fiscal year, by the ten employees of the issuer and these companies, for whom the number of options thus called up or subscribed is the highest (global information)	0	n/a	0	0

(1) Founder's share warrants $(BSPCE)_{2012}$
(2) Founder's share warrants $(BSPCE)_{2014}$

Conditions for remuneration and other benefits granted to the executive corporate officers only								
Executive corporate officers	**Employment contract**		**Supplementary pension plan**		**Indemnities or benefits due or likely to be due because of discontinuation or change of position**		**Indemnities pertaining to a non-competition clause**	
	Yes *(1)*	**Not**	**Yes *(2)***	**Not**	**Yes *(3)***	**Not**	**Yes *(4)***	**Not**
Gil Beyen Chairman and Chief Executive Officer		**X**	**X**		**X**			**X**
Yann Godfrin Chief Operating Officer		**X**	**X**		**X**			**X**
Jérôme Bailly Chief Operating Officer	**X**		**X**			**X**	**X**	

(1) Jérôme Bailly benefited from an employment contract from November 15, 2011 until his initial appointment on December 21, 2012 as a corporate officer. He was considered, by the Board of Supervisors, then by the Board of Directors, to have continued this employment contract after the aforesaid appointments, as this contract covers separate missions under his term as Head Pharmacist, missions pursuant to which he is subject to a subordination relationship.

(2) Subscription to the supplementary pension plan with fixed contributions, within the scope of a collective pension policy stipulated by the Company with AXA. Investment in individual accounts paid for by the 5% pension contribution by employees, gross subject to deductions of 2.50% of costs, on the "Horizon" mutual funds managed by AXA.

(3) Indemnity in an amount equal to one year of remuneration + GSC policy only for Mr. Godfrin and Mr. Goineau.

(4) Indemnity equal to 1/3 of the average monthly wage received during the last three months of presence at the company ERYTECH Pharma over 18 months.

Additionally, the executive corporate officers likewise benefit from a supplementary plan for health care, social security, and profit-sharing (see also Section 2.5 of this report).

3.6.2.2. Amounts allocated or identified by the Company for the payment of pensions, retirement, or other benefits

The Company has not allocated monies to the payment of pensions, retirement, and other benefits to the benefit of non-executive corporate officers and/or executive corporate officers who do not moreover benefit (or who have not benefited) from a severance or hiring bonus.

3.6.2.3. Share subscription warrants, founder subscription warrants, and other securities giving access to the capital, assigned to directors and executive officers.

The BSAs (share subscription warrants) and BSCPEs (founder subscription warrants) granted to non-executive or executive corporate officers are outlined in a specific list in Chapter 3.6.2 of this report.

3.6.2.4. Summary statement of transactions by executive officers and persons mentioned in article L.621-18-2 of the Monetary and Financial Code involving shares of the Company conducted during the past fiscal year

During the financial year ended December 31, 2014, the managers and persons indicated in Article L. 621-18-2 of the French Monetary and Financial Code performed the following operations on Company securities:

- On March 24, 2014 Françoise HORAND PHOTHIRATH, an executive equivalent person, exercised 200 founder subscription warrants ($BSPCE_{2012}$) at a unit price of 73.62 Euros;
- on March 27, 2014, Françoise HORAND PHOTHIRATH, an executive equivalent person, sold 149 ERYTECH Pharma shares at a unit price of 13.7 Euros;
- on March 28, 2014, Françoise HORAND PHOTHIRATH, an executive equivalent person, sold:
    - 150 ERYTECH Pharma shares at a unit price of 13.40 Euros;
    - 100 ERYTECH Pharma shares at a unit price of 13.45 Euros;
- on April 2, 2014, Françoise HORAND PHOTHIRATH, an executive equivalent person, sold 350 ERYTECH Pharma shares at a unit price of 15.67 Euros;
- on May 14, 2014, Françoise HORAND PHOTHIRATH, an executive equivalent person, sold 550 ERYTECH Pharma shares at a unit price of 15.04 Euros;
- on September 17, 2014, Françoise HORAND PHOTHIRATH, an executive equivalent person, sold 125 ERYTECH Pharma shares at a unit price of 16.88 Euros;
- on September 26, 2014, Françoise HORAND PHOTHIRATH, an executive equivalent person, sold 250 ERYTECH Pharma shares at a unit price of 23.02 Euros;
- on September 30, 2014, Jérôme BAILLY, Deputy Managing Director, exercised 500 founder subscription warrants ($BSPCE_{2012}$) at a unit price of 73.62 Euros;
- on October 1st, 2014, Françoise HORAND PHOTHIRATH, an executive equivalent person, sold 300 ERYTECH Pharma shares at a unit price of 34.78 Euros;
- on October 2, 2014, Philippe ARCHINARD, Director, exercised 1,337 share subscription warrants (BSA_{2012}) at a unit price of 73.62 Euros;
- on October 13, 2014, the company GALENOS SPRL, Director, exercised 500 share subscription warrants (BSA_{2012}) at a unit price of 73.62 Euros;
- on October 15, 2014, Gil BEYEN, Chairman and Chief Executive Officer, exercised 3,400 founder subscription warrants ($BSPCE_{2012}$) at a unit price of 73.62 Euros;
- on October 17, 2014, Jérôme BAILLY, Deputy Managing Director, sold 940 ERYTECH Pharma shares at a unit price of 25.30 Euros;
- on December 2, 2014,
    - Philippe ARCHINARD, Director, sold 1,370 ERYTECH Pharma shares at a unit price of 28 Euros;
    - Jérôme BAILLY, Deputy Managing Director, sold 550 ERYTECH Pharma shares at a unit price of 28 Euros.

Since December 31, 2014, the managers and persons indicated in Article L. 621-18-2 of the Monetary and Financial Code performed the following operations on Company securities:

- on January 13, 2015, Françoise HORAND PHOTHIRATH, an executive equivalent person, sold 400 ERYTECH Pharma shares at a unit price of 30.50 Euros;
- le January 14, 2015,
  - Yann GODFRIN, Chief Scientific Officer, sold:
    - 111,687 ERYTECH Pharma shares at a unit price of 29.7951 Euros;
  - Gil BEYEN, Chief Executive Officer, sold:
    - 25,316 ERYTECH Pharma shares at a unit price of 29.7951 Euros;
- on January 15, 2015,
  - Gil BEYEN, Chief Executive Officer, sold:
    - 8,684 ERYTECH Pharma shares at a unit price of 29.0293 Euros;
  - Yann GODFRIN, Chief Scientific Officer, sold:
    - 38,313 ERYTECH Pharma shares at a unit price of 29.0293 Euros;
- on February 20, 2015, Jérôme BAILLY, Deputy Managing Director, sold 300 ERYTECH Pharma shares at a unit price of 27.60 Euros;
- on February 27, 2015, Françoise HORAND PHOTHIRATH, an executive equivalent person, exercised 160 founder subscription warrants ($BSPCE_{2012}$) at a unit price of 73.62 Euros.

3.6.2.5. Stakes held by corporate officers

Based on the composition of the capital and dilutive elements existing at the date of the present report, the investment stakes held by non-executive and executive corporate officers can be summarized as follows:

				Subscription warrants							
	Number of shares	% capital **	% voting right	Type of warrants	Creation date	Number awarded and not exercised	Number subscribed and not exercised***	Exercise price in € per new share subscribed****	Last date for exercise	Maximum number of shares associated	Stocks options
Gil Beyen*	-	-	-	Founder's share warrants $(BSPCE)_{2012}$	21/05/12	7,863	7,863	7,362	20/05/20	78,630	N/A
				Founder's share warrants $(BSPCE)_{2014}$	22/01/14	6,000	0	12,25	22/01/24	60,000	N/A
Yann Godfrin *	142,990	2,08%	3,53%	Founder's share warrants $(BSPCE)_{2012}$	21/05/12	7,508	7,508	7,362	20/05/20	75,080	N/A
				Founder's share warrants $(BSPCE)_{2014}$	22/01/14	3,000	0	12,25	22/01/24	30,000	N/A
Philippe Archinard *	4,000	0.06%	0.05%	Share warrants $(BSA)_{2012}$	21/05/12	6,238	0	7,362	20/05/20	62,380	N/A
Sven Andreasson *	4,500	0.07%	0.06%								
Martine Ortin George*	-	-	-								
Hilde Windels*	-	-	-								
Jérôme Bailly*	3,000	0.04%	0.04%	Founder's share warrants $_{2012}$	21/05/12	N/A	958	7,362	20/05/20	9,580	N/A

* see details of the positions held to date in Chapter 3.6.1. - Administrative and management bodies
** Registered shares
*** As delegated by the General Meeting
**** one warrant gives the right to 10 new shares

3.7 CHAIRMAN'S REPORT ON INTERNAL CONTROLS AND RISK MANAGEMENT

A. CONDITIONS FOR PREPARING AND ORGANIZING THE WORK OF THE BOARD OF DIRECTORS

During its meeting on May 6 ,2013, the Board of Directors adopted rules of procedure which were last updated on April 25, 2014. These rules of procedure may be consulted on the Company's website. They specify the role and composition of the Board, the principles of conduct, and the obligations of the members of the Board of Directors towards the Company and the procedures for the operation of the Board of Directors and the committees, the rules for determining the remuneration of their members. Each member of the Board of Directors agrees to devote the necessary time and attention to his/her duties. He/she shall inform the Board of any situations he/she may find himself in which present a conflict of interest. Furthermore, the rules of procedure incorporate current regulations pertaining to the dissemination and use of privileged information and specify that the members must abstain from engaging in transactions involving the Company's shares when they possess privileged information. Each member of the Board of Directors is required to inform the Company and the AMF of any transactions involving the Company's shares which he/she performs whether directly or indirectly.

After having examined the provisions of the code of corporate governance for listed companies developed by MiddleNext in December 2009, particularly the elements presented in the heading "points of vigilance," the Board of Directors, in its meeting on May 6, 2013, decided to adopt rules of procedure in which it is stated that the Company shall comply with the MiddleNext Code as a corporate code of governance for the Company.

The MiddleNext Code may be viewed at the following website:
http://www.middlenext.com/IMG/pdf/Code_de_gouvernance_site.pdf.

The guidelines in the MiddleNext Code have since been applied by the Company as is specified below. It should be noted that the recommendation relative to stock options and the allocation of free shares is not applicable by the Company, as no stock options or free shares have been allocated by the Company to its corporate officers.

A.1. COMPOSITION OF THE BOARD:

During the financial year ended December 31, 2014, the following modifications took place concerning the Board of Directors:

- Sven Andreasson resigned from his position as director on January 22, 2014 (resignation acknowledged by the Board of Directors on January 22, 2014);
- The company GALENOS SPRL was appointed director by co-optation, to replace Sven Andreasson. This appointment was ratified by the mixed general shareholders' meeting of June 17, 2014;
    - Martine Ortin George was appointed to a director position by the shareholders during the mixed general shareholders' meeting of June 17, 2014, for a duration of three years. Her mandate will be discontinued at the end of the ordinary general shareholders' meeting to be held in 2017 to rule on the financial statements for the year ended December 31, 2016;
    - Hilde Windels was appointed to a director position by the shareholders during the mixed general shareholders' meeting of June 17, 2014, for a duration of three years. His mandate will be discontinued at the end of the ordinary general shareholders' meeting to be held in 2017 to rule on the financial statements for the year ended December 31, 2016;
    - The company KURMA Life Science Partners, for which Vanessa MALIER was the permanent representative, replacing Alain Munoz as of the Board of Directors' meeting of January 22, 2014, resigned from its position as member of the Board of

Directors on July 17, 2014 (resignation acknowledged by the Board of Directors on August 29, 2014).

By virtue of legal provisions and those in the bylaws, the Board of directors is composed of no fewer than three directors and no more than eighteen. Directors are appointed, reappointed to their position, or removed by the Company's ordinary general meeting. Their term of office, in accordance with article 17 of the bylaws, is three years.

At December 31, 2014, the Board of Directors was composed of six members, i.e.:

Last name	**Date of appointment or co-optation**	**Expiration of the term on**
Mr. Gil Beyen (Chairman and Chief Executive Officer)	05/06/2013	2016
Mr. Pierre-Olivier Goineau (Vice President and Chief Operating Officer)	05/06/2013	2016
Mr. Yann Godfrin (Chief Scientific Officer)	05/06/2013	2016
GALENOS SPRL, represented by Sven ANDREASSON	01/22/2014	2016
Mr. Philippe Archinard	05/06/2013	2016
Martine ORTIN GEORGE	06/17/2014	2017
Hilde WINDELS	09/17/2014	2017

It is specified that the Board of Directors, in its meeting of January 11, 2015, acknowledged the resignation of Pierre-Olivier GOINEAU from his positions as Delegated Managing Director, Deputy Chairman, and Director.
These directors were appointed to the Board of Directors because of their knowledge of the Company's activities, their technical and general skills and abilities, as well as their aptitude to fulfill the directors' duties required within that Board.

The Company is aware of the provisions provided in the act of January 27, 2011 pertaining to balanced representation of men and women on boards of directors. At December 31, 2014, the Company's Board of Directors is composed of five men and two women, i.e., a proportion of women greater than 20% of the members of the board of directors, as required by this law at the end of the first ordinary general shareholders' meeting following January 1st, 2014. The law of January 27, 2011 furthermore requires that the proportion of men and women be at least equal to 40% at the end of the first ordinary general shareholders' meeting following January 1st, 2017 or, where the board of directors is not composed of more than eight members, that the difference between the number of members of each gender not be greater than two..

In conformity with the MiddleNext Code, the Board of Directors includes several independent directors, the company GALENOS, Philippe ARCHINARD, Martine Ortin George, and Hilde Windels, who meet the independence criteria defined by the MiddleNext Code.

The criteria specified by the Middlenext Code make it possible to show that the members of the Board are independent, as characterized by the lack of a significant financial, contractual, or familial relationship capable of altering independent judgment, namely:

- they are neither an employee nor an executive corporate officer of the Company or a company within its group, and they have not been one of the above over the course of the last three years;
- they are not significant clients, suppliers, or bankers for the Company or its group or for which the Company or its group represent a significant share of business;
- they are not major shareholders of the Company;
- they do not have any close family connection with an officer or a major shareholder;
- they were not an auditor of the Company over the last three years.

The list of Company directors, including the positions held in other companies, is provided in Section 2.6.1 of this report.

On May 6, 2013, the Board of Directors voted to appoint Mr. Gil Beyen as Chairman of the Board of Directors and Chief Executive Officer.

In his capacity as Chairman, he is tasked with organizing and directing the work of the Board of Directors, which he reports to the General Meeting, and overseeing the correct operation of the corporate bodies. In his capacity as Chief Executive Officer, he provides and is responsible for the Company's Senior Management, he represents the Company in its relations with third parties, and is vested with all powers conferred by law to act in all situations in the name of the Company.

On May 6, 2013, Mr. Pierre-Olivier Goineau, Mr. Yann Godfrin and Mr. Jérôme Bailly were each nominated Chief Operating Officer. The chief operating officer possess, with regard to third parties, the same powers as the chief executive officer.

A.2. ATTENDANCE FEES AND OTHER COMPENSATION

The Company applies all of the guidelines in the Middlenext Code pertaining to the remuneration for executive corporate officers and for that of non-executive directors.

Detailed information relative to this compensation and its presentation is provided in Chapter 2.6.2 of this report, prepared in relation to 2013.

During the Company's mixed general shareholders' meeting of June 17, 2014, the total annual amount of attendance fees allocated to directors is set at 60,000 Euros, and is applicable to the current year.

The Board of Directors' meeting of January 11, 2015 decided on the distribution of attendance fees in function of the regularity of the directors' attendance and of the time that they dedicated to their position during the financial year ended 2014, in conformity with the recommendations of the Compensation Committee, which met on the same day.

A.3. FREQUENCY OF MEETINGS

Article 19 of the bylaws provides that the Board shall meet as often as required for the interest of the Company.

During the financial year ended December 31, 2014,

– the Board of Directors met twelve times, on January 22, 2014, April 16, 2014, April 25, 2014, May 5, 2014, May 19, 2014, June 9, 2014, July 17, 2014, August 29, 2014, September 16, 2014, September 22, 2014, September 29, 2014, and December 4, 2014.

The number of Board of Directors' meetings held during the financial year ended December 31, 2014 complies with the recommendations of the MiddleNext Code, which requires a minimum of four annual meetings.

The agenda for the meetings of the Board of directors during this fiscal year is shown below in A.7A.7.

The attendance rate of members of the Board of Directors during the financial year ended December 31, 2014 was 87% (the rate was 86% during the financial year ended December 31, 2013).

A.4. SUMMONS OF DIRECTORS

The directors were summoned with reasonable advance notice of meetings pursuant to article 19 of the bylaws.

Pursuant to article L.225-238 of the Commercial Code, the Statutory Auditors were given notice to appear at the meetings of the Board, which examined and approved the interim financial statements (half-yearly financial statements) as well as the annual financial statements.

A.5. INFORMATION PROVIDED TO DIRECTORS

All documents and information necessary for the directors' mission were provided to them at the same time as the notice of meeting or delivered at the beginning of each meeting of the Board of Directors.

The Board of Directors is assisted by three permanent committees whose powers and procedures are specified in the rules of procedure: the Audit Committee, the Remuneration and Appointments Committee, and the Scientific Board.

A.6. LOCATION OF MEETINGS

The meetings of the Board of Directors occur at the headquarters or at any other location indicated in the notice of meeting, pursuant to article 19 of the bylaws.

A.7. DECISIONS ADOPTED

During the financial year elapsed, the main subjects listed below were discussed in particular by the Board of Directors:

- The conditions for remuneration of executive officers;
- The co-optation of a new director;
- The implementation of a new plan for 22,500 BSPCE (founder's share warrants) $_{2014}$;
- The appointment of a new member of the Audit Committee and of the Compensation and Appointments Committee;
- Approval of the annual budget;
- A capital increase through the issue of new shares;
- Capital increases associated with the exercise of BSA (share warrants)$_{2012}$ and BSPCE (founder's share warrants) $_{2012}$;
- The list of beneficiaries of the 2012 BSA (share warrants) and the 2012 BSPCE (founder's share warrants);
- The modification in the characteristics of the $_{2012}$ share warrants and the $_{2012}$ founder's share warrants;
- The transformation of 3,000 BSPCE (founder's share warrants)$_{2014}$ into BSA (share warrants)$_{2014}$;
- The half-yearly accounts and the half-yearly financial report;
- Professional gender equality;
- The implementation of a "Level 1 ADR" program in the United States.

A.8. MEETING MINUTES

Minutes of the meetings of the Board of Directors are drawn up following each meeting and immediately sent to all directors. They are approved at the beginning of the following board meeting.

A.9. EVALUATION BY THE BOARD OF DIRECTORS

The Chairman, once per year, shall ask the directors for an opinion about the operation and preparation of the work by the Board. During the Board of Directors' meeting of March 26, 2015, the Chairman invited members of the Compensation and Appointments Committee to issue a reasoned opinion on these matters. On the basis of this opinion, the directors shall express themselves during the next Board of Directors meeting.

A.10. SPECIALIZED COMMITTEES

ERYTECH Pharma pursues an information policy relative to corporate governance and the transparency of compensation of all its primary corporate officers.

Accordingly, in 2007, a Scientific Board was formed and in 2008, an Audit Committee and a Remuneration and Appointments Committee were formed to assist the Board of Supervisors which then became the Board of Directors in its considerations and its decisions. These committees are described in the rules of procedure, which was last updated by the Board of Directors on April 25, 2014.

The Board of Directors establishes the composition and powers of the committees which conduct their activities under its responsibility. These powers may involve delegating powers to a Committee which are expressly allocated to it by law or by the bylaws or by any other shareholder agreement enforceable as against the Company.

These Committees are purely internal to the Company. They do not have any inherent power and particularly no decision-making power. Their role is strictly advisory.

Each Committee reports on its missions to the Board of Directors.

The Board of Directors then has sole discretion to assess any follow-up it intends to make with respect to the findings presented by the Committees. Each director remains free to vote as he or she sees fit, without being bound by studies, investigations, or reports from the Committees, nor any of their recommendations.

Each committee shall have a minimum of two members and a maximum of ten members. Members are appointed personally by the Board of Directors based on their experience and may not be represented. The Committees may be composed solely of directors or even include outside persons. The composition of these Committees may be modified at any time by a decision of the Board of Directors.

The term of office for the Committee members coincides with that of their term as directors when they are board members. The term of a Committee member may be renewed at the same time as that of the director. For Committee members who are not part of the Board of Directors, the term of office is set at one (1) year, automatically renewable.

Committee meetings are held at the Company's headquarters or at any other location decided by the Committee Rapporteur. However, Committee meetings may be held, if necessary, by teleconference or videoconference.

For the correct operation of the Committees and their administrative process, the Rapporteur of each Committee:

- Draws up the agenda for each meeting according to the needs expressed by the Board of Directors;
- Formally serves notice to the members; and
- Directs discussion.

Within each Committee, the Rapporteur appoints one person who shall be tasked with writing minutes following each meeting. The minutes shall be sent to the Chairman of the Board of Directors. The minutes shall be kept by the Company. The reports on the work and recommendations from each Committee shall be presented by the Rapporteur to the Board of directors.

In its field of competence, each Committee issues recommendations, proposals, and opinions.

Confidentiality:

Because information communicated to the Committees or to which the Committee members have access for their missions is confidential in nature, Committee members are required to adhere to the strictest confidentiality in matters pertaining to the Board of Directors with regards to any third party and identical to that applicable to directors. This provision also applies to any outside persons who might be invited.

A.10.1. Audit Committee

To date, the Audit Committee is composed of three members appointed for the duration of their director mandate.

The Audit Committee must meet at least once per year.

The Audit Committee's mission is to monitor the existence and efficacy of the Company's financial audit and risk control procedures on an ongoing basis. This committee is tasked with:

- examining the annual and half-yearly company financial statements;
- validating the relevance of the accounting methods and choices;
- verifying the relevance of financial information published by the Company;
- assuring the implementation of internal control procedures;
- verifying the correct operation of internal controls with the assistance of internal quality audits;
- examining the schedule of work for internal and external audits;
- examining any subject capable of having a meaningful financial and accounting impact;
- examining the state of significant disputes;
- examining off-balance-sheet commitments and risks;
- examining the relevance of risk monitoring procedures;
- examining any regulated agreements;
- directing the selection of statutory auditors, their remuneration, and ensuring their independence;
- verifying the correct performance of the statutory auditors' mission;
- establishing the rules for the use of statutory auditors for work other than auditing accounts and verifying the correct execution thereof.

The Audit Committee may conduct visits or interviews of any directors of operational or functional entities useful to fulfill its mission. It can also hear from the external auditors, including without the presence of corporate officers. It may make use of outside experts with prior approval from the Board of Directors.

Currently, the members of the audit committee are:
- Hilde WINDELS, rapporteur and independent member;
- The company GALENOS, represented by Sven ANDREASSON, independent member (*see also Section A.1 above*);
- Philippe ARCHINARD, independent member.

The professional experience of Audit Committee members is presented in Section 3.6.1.3 of the Report.

It is specified that these three members
hold specific financial and accounting competencies, due to their experience of nearly 25 years in the pharmaceutical industry and general management positions that they have held and still hold.

The previous committee members met twice during the financial year ended December 31, 2014.

Among the points discussed during these meetings:
- The annual financial statements and the annual report for the year ended December 31, 2013;
- The interim financial statements and the interim financial report.

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A.10.2. Remuneration and Appointments Committee

The Remuneration and Appointments Committee is composed of three members, two of whom are independent members, pursuant to the provisions of the rules of procedure:
- Hilde WINDELS, rapporteur and independent member,
- Philippe ARCHINARD, independent member,
- The company GALENOS, represented by Sven ANDREASSON and an independent member.

The professional experience of members of the Compensation and Appointments Committee is presented in Section 3.6.1.3 of the report.

This committee hears directors about the evaluation of the Company's performance in light of the defined goals. Additionally, and particularly, this committee performs the following duties:
- It formulates recommendations and proposals concerning (i) the various components of compensation, pension and health insurance plans for corporate officers, and defines in particular, (ii) the procedures for establishing the variable portion of their compensation; (iii) and formulates recommendations and proposals concerning a general policy for awarding BSAs (share warrants) and BSPCEs (founder's share warrants);
- It examines the amount of attendance fees and the system for distributing them between the directors taking into account their dedication and the tasks performed within the Board of Directors;
- It advises and assists as necessary the Board of Directors in the selection of senior executives and the establishment of their remuneration;
- Assessing any increases in capital reserved to employees;
- Assisting the Board of Directors when selecting new members;
- Ensuring the implementation of structures and procedures to allow the application of good governance practices within the Company;
- Preventing conflicts of interest within the Board of Directors;
- Implementing the Board of Director's evaluation procedure.

The committee met once during the financial year ended December 31, 2014.

Among the points discussed during these meetings:
- The conditions for remuneration of executive officers;
- The issuance of a new capital incentive plan.

A.10.3. Scientific Board

The members of the Scientific Board were selected because of their scientific expertise in the fields of activity engaged in and developed by the Company.

The Board is thus primarily composed of persons from outside the Company, it meets at least once per year to evaluate, from a scientific point of view, (i) the conduct and evolution in research programs conducted by the Company (ii) the Company's development strategy, particularly given therapeutic needs and market needs and (iii) any risks which might be posed by the research and development programs of the Company's competitors.

The six members of this board were appointed for a term of one (1) year, tacitly renewable (with the exception of the Delegated Managing Director, who is notably in charge of scientific duties and who is the rapporteur and and ex-officio member):

The members of the Scientific Board as well as their relations with the Company are detailed in the table below:

Last name	Connection with the Company	Member of the Scientific Board since
Dr. Yann Godfrin	Chief Scientific Officer	2007
Prof. Eric Raymond	Consultant	2009
Dr. Philip L. Lorenzi	Consultant	2010
Dr. Bridget Bax	Consultant	2012
Prof. Arthur E. Frankel	Consultant	2012
Dr. Kurt Gunter	Consultant	2012

The experience of Dr. Yann GODFRIN is presented in section 2.6.1.3 of this report.

Prof. Eric Raymond, Doctor of Medicine,
Head of the Cancer Treatment Department (SIHC) at the University Hospital of Beaujon-Bichat (Paris), Prof. Raymond is an expert in oncology. He has published more than 100 articles and is a member of several international associations of experts in oncology.
Prof. Raymond holds an advanced Master's degree (DEA) in Biomedical Engineering with a specialization in bio-imaging from the University of Créteil.

Dr. Philip L. Lorenzi, Doctor of Medicine
Currently, he is the Laboratory and Research Supervisor in the Department of Bioinformatics and Computational Biology at MD Anderson Cancer Center, Houston, Texas, United States. He is an expert in pharmacogenomics, systems pharmacology, and translational research, specializing in the identification of biomarkers associated with the use of L-asparaginase in chemotherapy.

Dr. Bridget Bax, PhD (Doctor of sciences)
Bridget Bax is an associate professor at London Metropolitan University and conducts her research in the Department of Clinical Development Sciences at the Saint George Hospital.
She is an expert in metabolic diseases and enzyme replacement therapy.

Prof. Arthur E. FRANKEL, Doctor of Medicine
Arthur E. Frankel heads the Hematology/Oncology Department of the Scott & White Cancer Institute in Texas and is a professor at the Texas Health Science Center, College of Medicine. He is interested in the involvement of amino acids in cancer and particularly their reduction as a cancer therapy.

Dr. Kurt Gunter, Doctor of Medicine
Kurt Gunter is chairman of the International Society of Cellular Therapy until 2014 and, since March 2013, has been Chief Medical Officer of Cell Medica (U.K.). Until the end of March 2013, he headed the Department of Regenerative Medicine at the Hospira Inc. in Chicago (USA). He is an expert in the development of medicine and particularly with respect to regulatory aspects. He was Acting Deputy Director at the FDA (Food and Drug administration) of the CBER (Center for Biologics Evaluation and Research).

B. INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES WITHIN THE COMPANY

B.1. CONCEPTUAL FRAMEWORK FOR INTERNAL CONTROLS AND RISK MANAGEMENT

Data warehouse

The Company relies on the AMF's framework of reference (guideline 2010-16) pertaining to risk management and internal control mechanisms, AMF guideline no. 2010-15 of December 7, 2010 pertaining to the AMF's additional report on corporate governance, remuneration of executive officers, and internal controls for small and mid-cap companies referring to the MiddleNext Code, and AMF guideline 2013-17 entitled Chairmen's Reports on Internal Control and Risk Management Procedures – Consolidated presentation of guidelines contained in the annual reports from the AMF.

B.2. RISK MANAGEMENT

Goals:
- Promote achieving the Company's objectives (*see also Section B.4 below*);
- Analyze and process risks currently identified by the Company and presented in Chapter 3.2 of this report, namely by:
  - Maintain a high level of product quality and safety;
  - Protect the Company's interests;
  - Secure the Company's processes.

Components of the mechanism:

The responsibilities for risk management are held by the Chief Executive Officer, Gil BEYEN.

The risk management mechanism particularly provides:
- risk analysis (identification, analysis, and treatment of risk according to PO-QUAL-007 the last version of which is dated 05/23/2011);
  - processes and especially the Production process, as well as;
  - physical security and information systems;
  - the Company's assets and reputation.

- A risk management procedure (PG-QUAL-017 the last version of which dates from 03/29/2012) encompassing, namely:
  - the role:
    - of the process managers;
    - of the Quality Assurance department and Chief Pharmacist.
    - The direction of the mechanism, namely via the Management process (PG-MAQ-A3 OF 09/02/2013) and the Continuous improvement process (PG-MAQ-A4 of 07/30/2013) and management reviews (PG-QUAL-012 the last version of which dates from 06/25/2013).
    - appropriate communication for its implementation by both external and internal actors.

B.3. INTERNAL CONTROLS

Goals of internal control:

Internal control is one of the Company's mechanisms which is intended to ensure:
- compliance with laws and regulations;
- application of the instructions and orientations established by Senior Management;
- the correct operation of the Company's internal processes, particularly those intended to assist in the protection of its assets;
- reliability of financial information;
- and, generally speaking, contributes to the mastery of its activities, the efficacy of its operations, and the efficient use of its resources.

By contributing to the prevention and governance of risks of not achieving the objectives established by the Company *(see also section B.4 below*), the internal control mechanism plays a key role in the conduct and steering of its various activities.

However, internal controls cannot provide an absolute guarantee that the Company's objectives shall be reached.

Components:
In collaboration particularly with the audit committee *(see also Section B.4.4 below*), the responsibility for internal controls lies with the Chief Executive Officer, Gil BEYEN.

The internal audit mechanism provides:
- an organization including a clear definition of responsibilities, possessing adequate skills, abilities, and resources *(see also Section B.4.4 below)*), and relying on procedures, information systems, tools, and appropriate practices (*see also Section B.4.1 below*);
- The internal dissemination of relevant and reliable information (namely via an electronic document management system), the knowledge of which allows each person to exercise his/her responsibilities;
- a system intended to survey and analyze the primary identifiable risks with regard to the Company's goals and ensure the existence of procedures to manage these risks;
- control activities proportionate to the stakes inherent to each process, designed to reduce risks likely to affect the achievement of the Company's goals;
- ongoing monitoring of the internal control mechanism as well as regular examination of its operation.

B.3.1. Scope of risk management and internal control

B.3.2. Procedures pertaining to financial information

The Company has, in particular, implemented the following organization to limit risks in terms of managing finance and bookkeeping matters:

- The Company's Senior Management, and more particularly, personnel within the Corporate Division are attentive with regard to improving internal controls and integrating recommendations from external auditors and the Audit Committee,
- The Company has implemented several procedures to manage the Procurement process. In these procedures, the resources to prevent risks inherent to the size of the Company and which are associated with internal separation between production and supervision of financial statements have already been provided,
- A certified public accountant participates to verify the statements presented in accordance with IFRS standards for the 2013 and 2014 financial years.

B.3.3. Quality policy (PG-MAQ-A1):

ERYTECH Pharma develops and provides patients, clients, and partners with products that combine safety, quality, and technology.

ERYTECH Pharma, specialty pharma, commercializes drugs and therapeutic solutions intended for the treatment of serious pathologies, orphan indications for fragile patients in the fields of hematology, oncology, and immunology.

These technologies and products represent a new generation of drugs using red blood cells as a vector for therapeutic agents. They seek to:

- Provide a therapeutic solution where alternatives are lacking;
- Improve the therapeutic index of current treatments;
- Improve patient comfort.

ERYTECH's management has always sought to offer the best possible service and the best advice in order to fully respond to the needs and requirements of hospital-based healthcare professionals. This orientation allows it to guarantee its development and its continued existence.

The application of this quality policy involves all of the company's department. It is reflected by the establishment and the tracking of shared goals.

The quality objectives of ERYTECH Pharma for 2015 are:

1. Submitting the AMM file within the anticipated timelines;
2. Rationalizing and simplifying the processes, redefining the "develop a product" process;
3. Integrating the United States into our quality management system:
4. Renewing the ISO 9001 certification;
5. Improving the management of our internal and external communication.

B.3.4. Quality System and the Management's commitment:

In order to correctly implement this policy, the Company relies on its existing quality system, certified ISO 9001 and described in the Quality Manual.

With the goal of having this policy applied, executive officers personally commit and delegate to the Quality Assurance department (in collaboration with the relevant departments) the implementation and monitoring of the quality system. Directly under management, it must report on the operation of the system. It relies on process managers for efficient management of the quality system.

Management also undertakes to deploy all current resources to personally ensure the implementation and efficacy of the quality system during management reviews and meetings of the Management Committee.

The company's evolution from a research and development structure towards a structure that integrates sales requires modification in the current system to account for new client demands by striving to achieve operational excellence, with collective involvement in this undertaking.

B.3.5. Actors in risk management and internal control

Senior Management:
Senior Management is tasked with defining, providing impetus, and overseeing the most appropriate mechanism for the Company's conditions and activity.
In this framework:
- It ensures that the necessary corrective actions are undertaken;
- It informs the Board of Directors about the important points.

Senior Management is responsible for reporting on the essential characteristics of the risk management and internal control mechanism to the Audit Committee.
The members of Senior Management are:
- Gil BEYEN, Chief Executive Officer;
- Yann GODFRIN, Chief Scientific Officer;
- Jérôme BAILLY, Deputy Managing Director.

The duties of the Deputy General Managers are specified below in section C.

Management Committee
The members of the Management Committee are responsible for keeping Senior Management regularly informed of any malfunctions, deficits, and difficulties.
The executive committee is composed of General Management and [incomplete].
- Ms. Françoise Horand-Phothirah, Director of R&D Operations.

The Audit Committee:
In accordance with the Rules of procedure of the Board of Directors, last updated 04/25/2014, the Audit committee is responsible for reporting to the Board of directors on all major risks and/or weaknesses in the internal controls which might be capable of having a significant impact on accounting and financial information.

The Board of Directors:
As needed, the Board may make use of its general powers to engage in any audits and inspections it deems useful or take any other initiative it believes appropriate in the matter.

The Statutory Auditor:
The Statutory Auditor is responsible for presenting to the Audit Committee all major risks and/or weaknesses in the internal controls that he identifies when certifying the Company's financial statements and which could have a meaningful impact on the financial and accounting information.

The internal quality auditors:
Pursuant to procedure PG-QUAL-004, the last version of which dates from 02/21/2011, the Company trains and then appoints internal auditors in order to verify whether the procedures and/or processes have been followed and are effective.
Each year, Management defines a program for internal audits, with priority given to: activities having a direct connection to the pharmaceutical facility and patient safety.
Internal auditors are specifically responsible for reporting to the Quality Assurance department any deviation from the procedures and/or processes.

The Quality Assurance department:
The Quality Assurance department is responsible for reporting to Senior Management, specifically, any significant deviation from the quality policy and/or procedures and/or processes.

External auditors or certifying bodies or regulatory authorities:
Accordingly:

- The Agence Nationale de la Sécurité du Médicament [National Agency for the Safety of Drug and Healthcare Products] (ANSM) the *European Medicines Agency* (EMA) and the *Food and Drug Administration* (FDA) and;
- the ISO auditor (*International Organization for Standardization*);

participate in risk management through their audits and/or controls.

B.4. Areas for improvement/Outlooks for change

In 2015, the Company will continue its efforts to improve the monitoring of risk analysis action plans and to better coordinate internal controls with risk management.

C. POWERS OF THE CHIEF EXECUTIVE OFFICER

Please note that there has been no limitation made to the powers of Mr. Gil Beyen, Chief Executive Officer.

On May 6, 2013, the Board of Directors stated that:

- Mr. Yann Godfrin is especially tasked with the activities of scientific strategy, preclinical research and development, clinical and regulatory affairs;
- Mr. Jérôme Bailly, in turn, had his powers established pursuant to article R.5124-36 of the French Public Health Code.
- Moreover, up to the date of his resignation, Pierre-Olivier Goineau is especially in charge of the following activities: strategy, organization and management of operations, internal control, finance, administration, legal, human resources, sales and partnerships;

Refer also to Section 3.6.1 of the report, "Composition of Senior Management".

D. ATTENDANCE AT THE GENERAL MEETING OF SHAREHOLDERS AND INFORMATION PROVIDED IN ARTICLE L.225-100-3 OF THE COMMERCIAL CODE

There are no specific procedures pertaining to the shareholder participation in the general meeting of shareholders outside of those provided in article 27 of the bylaws.

The information outlined under Article L. 225-100-3 of the Code of Commerce (concerning elements such as may have an effect in the event of a public takeover bid for the Company) is provided in Chapter 3.8 of this report.

3.8 ADDITIONAL INFORMATION

3.8.1. Share capital

At the date of the present report, the share capital, fully paid up, totaled 688,276.10 Euros, divided into 6,882,761 common shares with a nominal value of 0.10 Euro each, all in the same category.

3.8.2. Distribution of share capital and voting rights

Pursuant to the provisions of article L.233-13 of the Commercial Code, we are informing you of the identity of those shareholders who possess in excess of the threshold of 5% of the share capital and/or 5% of the voting rights.

The Company's shareholder structure at December 31, 2014 is presented as follows, based on information available:

Last name, first name / Company name		% Share capital	% Voting rights	Number of shares
FCPR AURIGA VENTURES III		14.79%	21.46%	1,018,212
RECORDATI ORPHAN DRUGS		6.26%	5.20%	431,034
YANN GODFRIN		4.26%	7.07%	292,990
PIERRE-OLIVIER GOINEAU		3.83%	6.36%	263,490
HOLDING ENTREPRISE AND PATRIMOINE[1]		0.75%	1.24%	51,530
Other nominal shareholders who hold capital less than or equal to 0.5%		1.66%	1.85%	114,513
BEARER SECURITIES	Held by the Company within the scope of the buyback program[2]	0.07%	0.00%	4,500
	OTHER BEARER SHARES	68.38%	56.77%	4,706,492
TOTAL		**100.00%**	**100.00%**	**6,822,761**

[1] Funds managed by IDINVEST PARTNERS
[2] see Section 3.8.9 of the present Annual Financial Report

The Company's shareholder structure at March 20, 2015 is presented as follows, based on information available:

Last name, first name / Company name		% Share capital	% Voting rights	Number of shares
FCPR AURIGA VENTURES III		14.79%	21.99%	1,018,212
RECORDATI ORPHAN DRUGS		6.26%	5.33%	431,034
GOINEAU Pierre-Olivier		3.10%	5.28%	213,290
GODFRIN Yann		2.08%	3.53%	142,990
HOLDING ENTREPRISE AND PATRIMOINE[1]		0.75%	1.27%	51,530
Registered shareholders who possess no more than 0.5% share capital		1.16 %	1.45 %	79,733
BEARER SECURITIES	Held by the Company within the scope of the buyback program[2]	0.02%	0.00%	1,500
	Other bearer shareholders[3]	71.84%	61.15%	4,948,152
TOTAL		100.00%	100.00%	6,886,441

[1]Funds managed by IDINVEST PARTNERS
[2]See Section 3.8.9 of this Annual Financial Report

During the financial year ended December 31, 2014, the Company received information on the following thresholds crossed:

- on February 13, 2014, following a sale of shares:
  - the threshold of 5% of the capital and voting rights, crossed downward by Ardian France (FCPR Axa Venture Funds IV). At that date, Ardian France no longer held any Company shares;
  - the threshold of 20% of the capital and voting rights, crossed downward by IDInvest Partners. At that date, IDInvest Partners held 989,543 shares representing 17.80% of the capital and voting rights;
- on February 28, 2014, following a decrease in the total number of voting rights in the Company,
  - the threshold of 25% of the voting rights, crossed upward by Auriga Partners (FCPR Auriga Ventures III). At that date, Auriga Partners held 1,147,522 shares representing 20.64% of the capital and 27.12% of the voting rights;
  - the threshold of 15% of the capital and voting rights, crossed downward by IDInvest Partners. At that date, IDInvest Partners held 989,543 shares representing 17.80% of the capital and 14.80% of the voting rights;
- on October 2, 2014, following a sale of shares on the market, the threshold of 15% of the capital was crossed downward by IDInvest Partners. At that date, IDInvest Partners held 813,400 shares representing 14.61% of the capital and 12.30% of the voting rights;
- following the Company's capital increase (Prospectus bearing AMF visa no. 14-566 of October 23, 2014):
  - on October 23, 2014:
    - the threshold of 10% of the capital and voting rights, crossed downward by IDInvest Partners. At that date, IDInvest Partners held 704,599 shares representing 10.24% of the capital and 9.09% of the voting rights;
    - the threshold of 5% of the voting rights and capital, crossed upward by Baker Bros Advisors. At that date, Baker Bros held 674,027 shares representing 9.79% of the capital and 8.10% of the voting rights;
    - the threshold of 5% of the capital, crossed downward by Yann Godfrin. At that date, Yann Godfrin held 292,990 shares representing 4.26% of the capital and 7.05% of the voting rights.
  - on October 28, 2014:
    - the threshold of 25% of the voting rights, crossed downward, and 20% of the capital, crossed downward by Auriga Partners (FCPR Auriga Ventures III). At that date, Auriga Partners held 1,147,522 shares representing 16.67% of the capital and 22.95% of the voting rights;
- on October 27, 2014, following a sale of shares, the threshold of 10% of the capital was crossed downward by IDInvest Partners. At that date, IDInvest Partners held 687,687 shares representing 9.99% of the capital and 8.89% of the voting rights;

Since December 31, 2014, the Company has received declarations of the following thresholds crossed:

- The threshold of 5% of the voting rights, crossed downward by Yann Godfrin on February 14, 2015, following a sale of ERYTECH Pharma shares on the market. At that date, Yann Godfrin held 124.990 shares representing 2.08% of the capital and 3.45% of the voting rights.

3.8.3. Major shareholders not represented on the Board of Directors

At the date of the present report, three significant registered shareholders, i.e., Auriga Venture III, Recordati Orphan Drugs, and Pierre-Olivier GOINEAU, were not represented on the Board of Directors. In effect, since January 11, 2013, Pierre-Olivier GOINEAU is no longer a member of the Board of Directors.

3.8.4. Shareholder voting rights

In the ordinary and extraordinary general meetings of the Company, each share gives the right to one vote, except where there is a right for a double vote.

3.8.5. Control of the Company

To the Company's knowledge:
- no shareholder holds, whether directly or indirectly, a fraction of the share capital that would grant him/her/it the majority of voting rights in the Company's general meetings;
- no agreement has been formed among the shareholders so as to confer to one shareholder the majority of voting rights in the Company;
- no shareholder is able to dictate, on the basis of the voting rights that he/she/it holds, the decisions in the Company's general meetings of shareholders; and
- no shareholder has the power to name or remove the majority of members in the Company's management or oversight bodies.

Furthermore, to the Company's knowledge, no shareholder or group of shareholders directly or indirectly holds more than 40% of the voting rights in the Company, capable of creating a presumption of control of the Company with regard to one of the shareholders or a group of shareholders.

3.8.6. Shareholders' agreement

The shareholders' agreement of December 22, 2006, stipulated between Company shareholders and amended on June 11, 2010, in effect at the date of this report, became invalid as of the day of initial listing of the Company's shares on Euronext Paris.

The shareholders have not indicated an intention to enter into a new shareholders' agreement.

3.8.7. Concerted action

To the Company's knowledge, there is no concerted action among the shareholders.

3.8.8. Agreements capable of resulting in a change in control

To the Company's knowledge, there are no agreements in place whose implementation might, at a later date, result in a change in control.

3.8.9. Acquisition of shareholder equity by the Company

The Company's mixed general shareholders' meeting of June 17, 2014, modified as follows the authorization given to the Board of Directors by the mixed general shareholders' meeting of April 2, 2013 to implement a buyback program on the Company shares, in conformity with the provisions of Article L. 225-209 of the Code of Commerce and the General Regulations of the Autorité des Marchés Financiers.

Maximum number of shares that can be repurchased: 5% of the number of shares constituting the Company's share capital at the performance date of these buybacks, as calculated in conformity with applicable legislative and regulatory provisions, it being nevertheless specified that the maximum number of shares held after these buybacks cannot exceed 10% of the capital.

Objectives of the share repurchase:
- Awarding shares to employees or corporate officers of the Company and French or foreign companies or groups that might be associated with it in the conditions and following the terms provided by law, particularly in the context of employee participation in the fruits of the company's expansion, employee shareholder plans, or company savings plans, the stock options plan, or by way of the allocation of free shares;

- To retain the shares for the purpose of using them for payment or exchange, namely as part of external growth operations, complying with recognized market practice by the Autorité des Marchés Financiers and within the limits provided by article L.225-209 of the Commercial Code;

- Assuring liquidity in the market for shares by way of one or more providers of investment services acting independently, in the context of a liquidity contract, pursuant to a professional ethics charter recognized by the Autorité des Marchés Financiers, it being noted that the number of shares used to calculate the aforementioned 10% limit corresponds to the number of shares purchased, after deducting the number of shares resold during the term of this authorization;

- Reducing the Company's share capital in application of the twenty-first resolution of the present general assembly of shareholders, subject to its adoption;

- Delivering shares, when there is an exercise of rights associated with securities giving access to shares by any means, whether immediately or over time;

- Implementing any market practice which might be recognized by law or by the Autorité des Marchés Financiers.

Maximum purchase price: twenty (20) Euros (excluding purchase costs),, it being specified that, in the event of a capital operation, notably by incorporation of reserves and allocation of free shares, or division or regrouping of shares, or even modification of the nominal value of shares, this price will be consequently adjusted.

During the financial year ended December 31, 2014, this buyback program was used exclusively within the scope of a liquidity agreement responding to the objective of market making or liquidation of the Company shares, stipulated with the company Bryan Garnier as investment service provider.

Securities purchased	167,345
Nominal share value	€0.10
Average share price	19,487 Euros
Total amount paid for acquisition of securities	3,261,099.75 euros
Shares sold	215 780
Nominal share value	€0.10
Average share price	18,129 Euros
Total amount received for the sale of shares	3,911,775.10 Euros

Trading costs totaled 7,223.09 Euros for the 2014 financial year.

At December 31, 2014, the Company held 4,500 ERYTECH shares, valued at 125,100 Euros (0.07% of the share capital), reduced to 1,500 shares at March 20, 2015 (0.02% of the share capital).

3.8.10. Unissued authorized capital

The general shareholders' meeting of May 21, 2012 decided on a maximum issue of:

- 30,034 share subscription warrants (BSA_{2012}) with suppression of the preferential subscription right to the benefit of corporate officers of the Company or its subsidiaries and/or to the employees of its subsidiaries and/or of the company Gil Beyen BVBA,

- 33,788 founder's share subscription warrants ($BSPCE_{2012}$) with suppression of the preferential subscription right to Company employees and/or executive officers,

and delegated the Executive board, for a duration of 36 months, the necessary powers to allocate these BSAs $_{2012}$ and $BSPCEs_{2012}$.

The Board of Directors used this delegation:

- in its meeting of July 18, 2013 and proceeded to assign 459 BSA_{2012} and 13,177 $BSPCE_{2012}$ to the Company's top managers and corporate officers;
- in its meeting of July 17, 2014 and proceeded to assign 1,000 BSA_{2012} and 13,176 $BSPCE_{2012}$ to the Company's top managers and corporate officers.

The Company's mixed general shareholders' meeting of April 2, 2013, in its twenty-fifth resolution, delegated its powers to the Board of Directors for the purpose of issuing shares and securities giving access, immediately or in future, to common shares existing or to issued by the Company, with suppression of the preferential subscription right outlined, through offerings as established under no. II, Article L. 411-2 of the Monetary and Financial Code.

The Board of Directors used this delegation:

- in its meeting of January 22, 2014 and proceeded to issue 22,500 $BSPCE_{2014}$ to the benefit of the Company's top managers and corporate officers;
- in its meeting of December 4, 2014, to proceed with the transformation of 3,000 of the 22,500 $BSPCE_{2014}$ into BSA_{2014} to the benefit of the medical director of its subsidiary, ERYTECH Pharma Inc.

At March 20, 2015, 28,738 warrants remained to be allocated, and 26,612 warrants allocated but not exercised, i.e., a total of 55,350 warrants to be exercised.

The general shareholders' meetings of April 2, 2013 and June 17, 2014 delegated to the Company's Board of Directors the power to issue securities in the proportions and for the amounts summarized in the table below.

Nature of authorization	**Maximum nominal amount of capital increase or issue of securities representing debt securities resulting from the issue**	**Cumulative ceiling**	**Preferential subscription right**	**Duration**	**Use**	**Maximum nominal amount remaining at 03/20/2015**
Increase in share capital to the issuance of common stock and/or securities giving access to the share capital immediately or over time while maintaining the preferential subscription right	1 million euros	1 million euros	yes	26 months	N/A	€825,066.66 (cumulative ceiling)
Capital increase through the issue of shares and/or securities giving immediate or future access to common shares, with suppression of the preferential subscription right to the benefit of categories of investors	1 million euros		No	18 months	N/A	
Increase in capital through the issuance of shares and/or securities providing access whether immediately or over time to common stock, with elimination of the preferential subscription right, by public offering	1 million euros		No	26 months	04/30/2013 in the amount of €148,711.40	

Nature of authorization	Maximum nominal amount of capital increase or issue of securities representing debt securities resulting from the issue	Cumulative ceiling	Preferential subscription right	Duration	Use	Maximum nominal amount remaining at 03/20/2015
Increase in capital through the issuance of shares and/or securities providing access whether immediately or over time to common stock in the company, with elimination of the preferential subscription right of the shareholders, by an offering referenced in ii of article L.411-2 of the Monetary and Financial Code	20% of the share capital (per 12-month period), within a limit of 1 million Euros, i.e., at 03/31/2014: 111,179.04euros	1 million euros	No	26 months	01/22/2014 in the amount of €22,500	€88,679.04 until 01/21/2015
Increase in the number of shares to be issued in the event of a capital increase with or without suppression of the preferential subscription right	Limited to 15% of the initial issuance in application of the 22nd, 24th, and 25th resolutions of the general meeting on April 2, 2013		Yes/No	26 months	04/30/2013 in the amount of 3,722 Euros	€71,278 Euros (15% of 500,000 Euros - €3,722)
Increase in the number of securities to be issued in the event of a capital increase with suppression of the preferential subscription right	Limited to 15% of the initial issuance in application of the 23rd resolution of the general meeting on April 2, 2013		No	18 months	N/A	€123,759.99 (15% of €825,066.66)
Share capital increase through the incorporation of premiums, reserves, profits or bonuses	1 million euros		-	26 months	N/A	1 million euros

Increase in share capital to the issuance of common stock and/or securities giving access to the share capital immediately or over time while maintaining the preferential subscription right	€500,000	€500,000	yes	26 months 02/06/2015	N/A	€377,551.10
Capital increase through the issue of shares and/or securities giving immediate or future access to common shares, with suppression of the preferential subscription right to the benefit of categories of investors	€500,000		No	18 months 17/12/2015	10/22/2014 in the amount of 122,448.90 Euros	
Capital increase through the issue of shares and/or securities giving immediate or future access to common shares, with suppression of the preferential subscription right to the benefit of categories of investors	€50,000		No	18 months 17/12/2015	N/A	

Increase in capital through the issuance of shares and/or securities providing access whether immediately or over time to common stock, with elimination of the preferential subscription right, by public offering	€500,000		No	26 months 02/06/2015	04/30/2013 in the amount of €148,711.40	€500,000
Increase in capital through the issuance of shares and/or securities providing access whether immediately or over time to common stock in the company, with elimination of the preferential subscription right of the shareholders, by an offering referenced in ii of article L.411-2 of the Monetary and Financial Code	20% of the share capital (per 12-month period), within a limit of €500,000	€500,000	No	26 months 02/06/2015	01/22/2014 in the amount of €22,500	€137,728.82 **
Increase in the number of shares to be issued in the event of a capital increase with or without suppression of the preferential subscription right	Limited to 15% of the initial issue, in application of the 10th and 11th resolutions of the AGM of June 17, 2014		Yes/No	18 Months 17/12/2015	N/A	€75,000 (15% of €500,000)
	Limited to 15% of the initial issuance in application of the 22nd, 24th, and 25th resolutions of the general meeting on April 2, 2013		Yes/No	26 Months 02/06/2015	03/30/2013 in the amount of €3,722	€71,278 (15% of 500,000) - €3,722
Share capital increase through the incorporation of premiums, reserves, profits or bonuses	€1 million		N/A	26 months 02/06/2015	N/A	€1 million

*Natural or legal persons regularly investing in securities in the fields of health care
** Based on a share capital of €688,644.10

Use of these delegations:

In its meetings on April 12, 2013 and April 30, 2013, the Executive Board made use of the delegation granted to it under the twenty-fourth resolution by the Mixed General Shareholders' Meeting of April 2, 2013 pertaining to a capital increase through the issue of shares and/or securities giving access to the Company's capital, with suppression of the preferential subscription right, through a public offering, and thus proceeded to issue 1,487,114 shares at a unit price of 11.60 euros.

On April 30, 2013, the Executive Board made use of the delegation granted to it under the twenty-sixth resolution by the Mixed General Shareholders' Meeting of April 2, 2013 pertaining to an increase in the number of securities to be issued in the event of a capital increase with or without suppression of the preferential subscription right, and thus proceeded to issue 37,220 shares at a unit price of 11.60 euros.

On January 22, 2014, the Board of Directors made usage of the delegation granted to it under the twenty-fifth resolution by the mixed general shareholders' meeting of April 2, 2013 relative to a capital increase through the issue of shares and/or securities giving access to the Company's capital with suppression of the preferential subscription right, through offerings as established under ii, Article L. 411-2 of the Monetary and Financial Code, and thus proceeded with the issue of 22,500 $BSPCE_{2014}$, to the benefit of the Company's top directors and managers with employment contracts.

The mixed general shareholders' meeting of June 17, 2014, in its 10th resolution, delegated its powers to the Board of Directors for a duration of 18 months, for the purpose of proceeding, on one or more occasions, with the issue of shares, the subscription of which could be undertaken either in cash or through the offsetting of claims, for a maximum nominal amount of 500,000 Euros.

The Board of Directors made usage of this delegation of powers during its meeting of September 22, 2014, deciding in principle on a capital increase in accordance with certain conditions, and gave full powers to the Managing Director, who, holding the right to sub-delegate his powers to a Delegated Managing Director, used this delegation on October 8, 2014, giving Pierre-Olivier GOINEAU, in his capacity as Delegated Managing Director of the Company, the power to perform the above-described capital increase.

The Delegated Managing Director used this delegation on October 22, 2014 and decided to proceed with a capital increase in cash, with suppression of the preferential subscription right, for a nominal amount of 122,448.90 Euros through the issue of 1,224,489 new common shares with a nominal value of 0.10 Euros at a price set at 24.50 Euros per share (i.e., a nominal value of 0.10 Euro and an issue premium of 24.40 Euros), with a resulting capital increase in the amount, issue premium included, of 29,999,980.50 Euros and an issue premium in the amount of 29,877,531.60 Euros. The Delegated Managing Director acknowledged final completion of this increase on October 27, 2014.

The Board of Directors acknowledged the use of these delegations by the Chief Executive Officer and the Delegated Managing Director, and consequently modified the Company's articles of incorporation.

The table below summarizes the operations occurring on the share capital during the last three fiscal years:

Date	Operation	Securities issued/exercised	Amount of capital increase (excluding issue premium)	Number of shares/securities issued	Nominal value	Issue premium per share	Number of shares after operation	Price per share (issue premium included)	Capital post operation
07/16/10	Capital increase	ABSA A- Full Ratchet 2010	€63,283	63,283	1 €	72.62 €	307,782	73.62 €	€307,782
07/29/10	Capital increase	ABSA A-2010	€7,573	7,573	1 €	72.62 €	315,355	73.62 €	€315,355
04/30/13	Capital increase	Compensation for bond interest	€8,375	83,750	0.10 €	11.50 €	3,237,300	11.60 €	€323,730
04/30/13	Capital increase	New Shares	€144,058.40	1,440,584	0.10 €	11.50 €	4,677,884	11.60 €	€467,788.40
04/30/13	Capital increase	Convertible bonds	86,206.80€	862,068	0.10 €	11.50 €	5,539,952	11.60 €	€553,995.20
07/18/13	Capital increase	Share warrants $(BSA)_{2012}$	€60,073.92	8,160	0.10 €	7,262 €	5,548,112	7,362 €	€554,811.20
12/03/13	Capital increase	Share warrants $(BSA)_{2012}$	€79,804.08	10,840	0.10 €	7,262 €	5,558,952	7,362 €	€555,895.20
05/05/2014	Capital increase	BSA_{2012} $BSPCE_{2012}$	€762,00	7,620	€0.10	€7,262	5,566,572	€7,362	€556,657.20
12/04/2014	Capital increase	BSA_{2012} $BSPCE_{2012}$	€9,170	91,700	€0.10	€7,262	5,658,272	€7,362	€565,827.20
12/04/2014	Capital increase	Issue of new shares	€122,448.90	1,224,489	€0.10	24.40	6,882,761	€24.50	€688,275.1

3.8.11. Evolution of the shares

From the initial listing of the Company shares on the regulated market NYSE Euronext in Paris on 05/07/2013 to 12/31/2014, 10,718,924 securities were traded.

The stock, which was listed at 11.60 Euros upon initial listing of the Company shares, was listed at 27.08 Euros at 12/31/2014.

The lowest price recorded during 2014 was 10.30 Euros on January 3, and the highest price was 34.97 on October 1.

The market capitalization at 12/31/2014 was 186 million Euros.

From 12/31/2014 to 03/20/2015, 3,374,537 shares were traded.

The stock, which was listed at 11.60 Euros upon initial listing of the Company shares, was listed at 429.34 Euros at 03/20/2015.

The market capitalization at 03/20/2015 was 201.9 million Euros.

3.8.12. Organization of the company

At the date of this report, the Company held no branches or secondary establishments.

It holds 100% of its subsidiary "ERYTECH Pharma, Inc.", created in Delaware (United States) on April 9, 2014.

3.8.13. Stake holding by Company employees who are not corporate officers

Based on the composition of the capital and dilutive elements existing at the date of financial year end, December 31, 2014, the investment stakes held by non-corporate-officer employees can be summarized as follows:

				Subscription warrants							
	Number of shares and voting rights *	% capital *	% voting right *	Type of warrants	Creation date	Number allocated and not exercised**	Number subscribed and not exercised	Exercise price in € per new share subscribed	Last date for exercise	Maximum number of shares associated	Stocks options
Employees who are not officers or directors	8,800	0.013%	0.009%	Founder's share warrants $(BSPCE)_{2012}$	05/21/2012	1 793	1 793	7,362	05/20/2020	17 930	N/A
				Founder's share warrants $(BSPCE)_{2014}$	01/22/2014	N/A	0	12,25	01/22/2024	N/A	N/A

* Registered shares
** Upon delegation by the general shareholders' meeting

3.8.14. Elements capable of having an impact in the event of a public offering

3.8.14.1 Capital structure of the Company

See Section 3.8.2 above of the report.

3.8.14.2 Restrictions resulting from the bylaws respecting the voting rights and transfers of shares or clauses of which the Company has been informed in application of article L.233-11 of the Commercial Code

None.

3.8.14.3 Direct or indirect stakes held in the Company's share capital of which it is aware by virtue of articles L.233-7 and L.233-12 of the Commercial Code

None.

3.8.14.4 Parties holding any securities involving special rights of control and description thereof

None.

3.8.14.5 Subsidiaries and investment stakes

ERYTECH Pharma has a subsidiary in the United States, which had no activities during the financial year ended December 31, 2014.

ERYTECH Pharma does not control other companies, and furthermore does not hold any significant investment or controlling stakes.

The Company did not dispose of shares for the purpose of settling cross-shareholdings.

3.8.14.6 Control mechanisms provided in any system for employee shareholding, when the controller rights are not exercised by the latter

None.

3.8.14.7 Agreements between shareholders of which the Company is aware and which may result in restrictions to transfers of shares and the exercise of voting rights

None.

3.8.14.8 Rules applicable to the appointment and replacement of members of the Board of Directors as well as modification of the bylaws

The applicable rules in this matter are found in the bylaws and comply with the law.

3.8.14.9 Powers of the Board of Directors, particularly the issuance or redemption of shares

The Company's general shareholders' meeting of June 17, 2014 authorized, on the suspensive condition that the Company's shares are listed on the Euronext Paris market, the Board of Directors to implement a buyback program on the Company shares, in conformity with the provisions of Article L. 225-209 and following of the Code of Commerce and the market practices approved by the Autorité des marchés financiers (*see Section 3.8.9 of this report*).

3.8.14.10 Agreements made by the Company which have been modified or which shall end if there is a change in control of the Company.

- The characteristics of the BSAs/BSPCEs contain the methods for early exercise, under certain conditions, in the event of a change of control in the Company.
- Early repayment of the Repayable Advance from the TEDAC project may be required by OSEO, notably in the event of a change of control in the Company.
- Early termination of the agreement with the TEVA Group may be requested by either party in the event of a change of control in the other party.

3.8.14.11 Agreements providing for indemnities to members of the Board of Directors or employees if they resign or are dismissed without real or serious cause or if their employment is terminated due to a public offering

Pursuant to the "TEPA" law and the Middlenext Code of corporate governance, during its meeting of May 24, 2013, the Board of Directors established the terms for severance pay awarded to the company's executive corporate officers (specifically Mr. Gil Beyen, Mr. Pierre-Olivier Goineau, and Mr. Yann Godfrin).

This commitment provided that should the party in question leave the Company, that is to say in the event of:

- expiry of his term of office (except where renewal is rejected by the interested party) or
- removal (except for removal due to serious misconduct or gross negligence as this term is understood with respect to the case law of the companies section of the Court of Cassation),

the party in question may claim an indemnity equal to 12 times the mean monthly remuneration (bonuses included) effectively received over the course of the 12 months preceding the removal decision or the expiration of the term of office (or concerning only Mr. Gil Beyen, the annual fixed remuneration defined by the Board of Directors, should the removal be decided within 12 months following his appointment).

The decision by the Board of Directors on May 24, 2013, made with respect to the procedure for regulated commitments and agreements provided under the "TEPA" act, was published in its entirety on the Company's website. The commitment shall be approved by the General Meeting of shareholders on June 17, 2014 as a specific resolution pertaining to each of the executive corporate officers.

The Board of Directors has decided that the payment of severance indemnities is subject to compliance, duly acknowledged by the Board of Directors at the time of or after leaving the position, with conditions associated with the performance of the interested party, evaluated with regard to the Company's performance, defined at this date as follows:
The right to receive the above indemnity is subordinate to observing the following performance conditions:

- Compliance with the Company's expenditure budget and
- At least one of the two following conditions:
- at least one collaboration agreement or license agreement in effect
- at least one product in active clinical development phase by the Company.

Part 3

DECLARATION BY THE RESPONSIBLE PARTIES

3. DECLARATION BY THE RESPONSIBLE PARTIES

I hereby attest that, to my knowledge, the financial statements have been prepared in compliance with applicable accounting standards and provide a faithful image of the equity, the financial position, and the results of the company and group, and that the annual report presents a faithful representation of evolutions in the business, results, and financial position of the company and group, as well as a description of the main risks and uncertainties that they faced.

On March 30, 2015

Gil Beyen
Chief Executive Officer

Part 4

STATUTORY AUDITORS' REPORTS

5. STATUTORY AUDITORS' REPORTS

5.1. STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS PREPARED FOR THE YEAR ENDED DECEMBER 31, 2014

Erytech Pharma S.A.

Registered office: 60 avenue Rockefeller - Bâtiment Adénine - 69008 Lyon
Share capital: €688,276

This is a free translation into English of the statutory auditor's report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditor's report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditor's assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Statutory auditors' report on the financial statements

Year ended December 31, 2014

To the shareholders,
In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended December 31, 2014, on:

- the audit of the accompanying financial statements of Erytech Pharma SA,;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

1 OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2014 and of the results of its operations for the year then ended in accordance with French accounting principles.

2 JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de Commerce*), we bring your attention to the following matter.

The notes "Recognition of grant income" and "Clinical trials" present the accounting methods and principles relating to how grants and the cost of clinical trials are recorded in the income statement.

As part of our assessment of the accounting methods and principles applied by your company, we verified the appropriateness of the above-referenced accounting methods and the disclosures provided in the notes to the financial statements and we assured ourselves of their correct application.
These assessments were made in the context of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3 SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed, in accordance with the professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code ("Code de Commerce") relating to remunerations and benefits received by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of the shareholders has been properly disclosed in the management report.

Lyon, March 30, 2015

French original signed by

KPMG Audit Rhône Alpes Auvergne

French original signed by
Sara Righenzi de Villers
Partner

Lyon, March 30, 2015

RSM CCI Conseils

French original signed by
Gaël Dhalluin
Partner

5.2. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Erytech Pharma S.A.

Registered office: 60 avenue Rockefeller - Bâtiment Adénine - 69008 Lyon
Share capital: €688,276

This is a free translation into English of the statutory auditor's report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditor's report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditor's assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Statutory auditors' report on the consolidated financial statements

Year ended December 31, 2014

To the shareholders,
In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended December 31, 2014, on:

- the audit of the accompanying consolidated financial statements of Erytech Pharma SA;
- the justification of our assessments;
- the specific verifications required by law.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

1 OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2014 and of the results of its operations for the year then ended in accordance with IFRS as adopted by the European Union.

2 JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de commerce*), we bring your attention to the following matters.

Other operating income

Note 5.15 "Other operating income" in the notes to the consolidated financial statements presents the accounting principles and methods relating to revenue recognition and grant income.

As part of our assessment of the accounting methods and principles applied by your Group, we verified the appropriateness of the above-referenced accounting methods and the disclosures provided in the notes to the consolidated financial statements and we assured ourselves of their correct application.

Clinical trials

Note 9 "Off-balance-sheet commitments" of the notes to the consolidated financial statements presents the accounting principles and methods regarding the accounting treatment of clinical trials.

As part of our assessment of the accounting methods and principles applied by your Group, we verified the appropriateness of the above-referenced accounting methods and the disclosures provided in the notes to the consolidated financial statements and we assured ourselves of their correct application.

These assessments were made in the context of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3 SPECIFIC VERIFICATIONS AND DISCLOSURES

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

The statutory auditors

Lyon, March 30, 2015	Lyon, March 30, 2015
French original signed by	
KPMG Audit Rhône Alpes Auvergne	RSM CCI Conseils
French original signed by Sara Righenzi de Villers *Partner*	French original signed by Gaël Dhalluin *Partner*

5.3 STATUTORY AUDITORS' REPORT ON THE BOARD OF DIRECTORS' INTERNAL CONTROL REPORT

Erytech Pharma S.A.

Registered office: 60 avenue Rockefeller - Bâtiment Adénine - 69008 Lyon
Share capital: €688,276.10

This is a free translation into English of the statutory auditor's report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditor's report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditor's assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Statutory Auditors' report, prepared in accordance with Article L.225-235 of the French Commercial Code ("Code de Commerce"), on the report prepared by the Chairman of the Board of Directors of the company Erytech Pharma SA
Year ended December 31, 2014

To the shareholders,
In our capacity as Statutory Auditors of Erytech Pharma SA, and in accordance with article L.225-235 of the French Commercial Code ("Code de commerce"), we hereby report to you on the report prepared by the Chairman of your company, in accordance with article L.225-37 of the French Commercial Code for the year ended December 31, 2014.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the company and containing the other disclosures required by article L.225-37 of the French Commercial Code particularly in terms of the corporate governance measures.

It is our responsibility:

- To report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- to attest that this report contains the other disclosures required by article L.225-37 of the French Commercial Code ("Code de commerce"), it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

1. Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

These standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information on which the information presented in the Chairman's report is based and existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and existing documentation;
- determining if any significant weaknesses in the internal control procedures and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board in accordance with article L.225-37 of the French Commercial Code ("Code de commerce").

2 Other information

We hereby attest that the Chairman's report includes the other disclosures required by article L.225-37 of the French Commercial Code ("Code de commerce").

The statutory auditors
Lyon, March 30, 2015

French original signed by

For RSM CCI Conseils

For KPMG Audit Rhône Alpes Auvergne

French original signed by
Sara Righenzi de Villers
Partner

French original signed by
Gaël Dhalluin
Partner

This is a free translation into English of a report issued in French and provided solely for the convenience of English-speaking readers. This report should be read in conjunction and construed in accordance with French law and the relevant professional auditing standards applicable in France.

5.4 REPORT BY THE STATUTORY AUDITORS ON REGULATED AGREEMENTS AND COMMITMENTS

Erytech Pharma S.A.

Registered office: 60 avenue Rockefeller - Bâtiment Adénine - 69008 Lyon
Share capital: €688,276.10

This is a free translation into English of the statutory auditor's report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditor's report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditor's assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Special report by the statutory auditors on regulated agreements and commitments

Fiscal year ending December 31, 2014

Dear Shareholders,

In our capacity as statutory auditor for your company, we hereby present to you our report on regulated agreements and commitments.

Our task is to inform you, on the basis of the information that has been provided to us, of the characteristics and essential mechanisms of those agreements and commitments of which we have been informed or which we have uncovered during our mission, while not discussing their usefulness and their merits, nor searching for the existence of other agreements and commitments. It is your responsibility, according to the terms of article R. 225-31 of the Commercial Code, to assess the interest presented by the formation of these agreements and commitments in order to approve them.

Furthermore, our task is, as applicable, to provide you with the information specified in article R.225-31 of the Commercial Code respecting the execution of agreements and commitments already approved by the general meeting over the course of the past fiscal year.

We have conducted the due diligence that we believed necessary in light of the professional doctrine of the Compagnie Nationale des Commissaires aux Comptes pertaining to this mission. This due diligence consisted in verifying that the data provided to us was consistent with the underlying documents from which they came.

AGREEMENTS AND COMMITMENTS REQUIRING APPROVAL BY THE GENERAL MEETING

Agreements and commitments not previously authorized

In application of articles L. 225-42 et L. 823-12 of the Commercial Code, we hereby inform you that the following agreements and commitments have not been previously authorized by your Board of Directors.

It is our job to inform you of the circumstances due to which the authorization procedure was not followed.

With Mr. Pierre-Olivier Goineau

Carré VIP securities management consulting contract for Société Générale Securities Services

Person concerned: Mr. Pierre-Olivier Goineau, Chief Operating Officer of the Company.

- Nature and purpose: securities management consulting contract for the company subscribed for the 2014 fiscal year by Société Générale to the benefit of Pierre-Olivier Goineau, authorized by the Board of Directors on March 26, 2015.

- Terms: the cost of the VIP contract for the 2014 fiscal year is €200.

Mr. Pierre-Olivier Goineau resigned from his positions as Director and Delegated Managing Director on January 11, 2015.

With Mr. Yann Godfrin

Carré VIP securities management consulting contract for Société Générale Securities Services

Person concerned: Mr. Yann Godfrin, Chief Scientific Officer of the Company.

- Nature and purpose: securities management consulting contract for the company subscribed for the 2014 fiscal year by Société Générale to the benefit of Yann Godfrin, authorized by the Board of Directors on March 26, 2015.

- Terms: the cost of the VIP contract for the 2014 fiscal year is €200.

With Mr. Gil Beyen

Carré VIP securities management consulting contract for Société Générale Securities Services

Person concerned: Mr. Gil Beyen, Chairman of the Board of Directors and General Manager of the Company.

- Nature and purpose: securities management consulting contract for the company subscribed for the 2014 fiscal year by Société Générale to the benefit of Gil Beyen, authorized by the Board of Directors on March 26, 2015.

- Terms: the cost of the VIP contract for the 2014 fiscal year is €200.

Tax consultancy services provided by Delsol

Person concerned: Mr. Gil Beyen, Chairman of the Board of Directors and General Manager of the Company.

- Nature and purpose: tax consultancy services provided by Delsol during the 2014 fiscal year for Mr. Gil Beyen's tax situation, authorized by the Board of Directors on March 26, 2015.

- Terms: the charge undertaken for the 2014 fiscal year is €2,322.

Your company considered these agreements to fall under article L. 225-39 of the Commercial Code and, therefore, that the pre-authorization procedure specified in article L 225-38 of this Code did not apply to them.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING

Agreements and commitments approved during previous fiscal years whose executions took place during the past fiscal year

In application of article R.225-31 of the Commercial Code, we have been informed that the execution of the following agreements and commitments, already approved by the general meeting during previous fiscal years, were pursued in the past fiscal year.

With Mr. Pierre-Olivier Goineau

1. Severance pay:

Person concerned: Mr. Pierre-Olivier Goineau, Chief Operating Officer of the Company.

- Nature and purpose: Severance pay, authorized by the Board of Directors on May 24, 2013, in the event of:

  - expiry of a term of office (except where renewal has been refused by the interested party),

  - removal (except for removal due to serious misconduct or gross negligence as this term is understood with respect to the case law of the companies section of the Court of Cassation).

Mr. Pierre-Olivier Goineau may claim an indemnity equal to twelve times his average monthly remuneration (bonuses included) effectively received during the twelve months prior to the revocation decision or expiry of his term of office.

Payment of this indemnity shall be subject to the finding that the following performance conditions have been met:

- Compliance with the Company's expenditure budget, and

- At least one of the two following conditions:

  - at least one collaboration or licensing agreement underway;

  - at least one product in active clinical development phase by the Company.

- Terms: No charge was booked in this respect by your company for the 2014 fiscal year.

2. Incentive:

Person concerned: Mr. Pierre-Olivier Goineau, Chief Operating Officer of the Company.

- Nature and purpose: incentive

- Terms: on November 29, 2013, the company stipulated an incentive contract for the period of January 1, 2014 to December 31, 2016. On December 22, 2006, your Supervisory Board authorized Pierre-Olivier Goineau to be included in a future incentive contract. The gross incentive charge undertaken for the 2014 fiscal year is €1,800.

Mr. Pierre-Olivier Goineau resigned from his positions as Director and Delegated Managing Director on January 11, 2015.

With Mr. Yann Godfrin

1. Severance pay:

Person concerned: Mr. Yann Godfrin, Chief Scientific Officer of the Company.

- Nature and purpose: Severance pay, authorized by the Board of Directors on May 24, 2013, in the event of:

  - expiry of a term of office (except where renewal has been refused by the interested party),

  - removal (except for removal due to serious misconduct or gross negligence as this term is understood with respect to the case law of the companies section of the Court of Cassation).

Mr. Yann Godfrin may claim an indemnity equal to twelve times his average monthly remuneration (bonuses included) effectively received during the twelve months prior to the revocation decision or expiry of his term of office.

Payment of this indemnity shall be subject to the finding that the following performance conditions have been met:

  - Compliance with the Company's expenditure budget, and

  - At least one of the two following conditions:

    - at least one collaboration or licensing agreement underway;

    - at least one product in active clinical development phase by the Company.

- Terms: No charge was booked in this respect by your company for the 2014 fiscal year.

2. Incentive:

Person concerned: Mr. Yann Godfrin, Chief Scientific Officer of the Company.

- Nature and purpose: incentive

- Terms: on November 29, 2013, the company stipulated an incentive contract for the period of January 1, 2014 to December 31, 2016. On December 22, 2006, your Supervisory Board authorized Yann Godfrin to be included in a future incentive contract. The gross incentive charge undertaken for the 2014 fiscal year is €1,800.

With Mr. Gil Beyen

1. Severance pay:

Person concerned: Mr. Gil Beyen, Chairman of the Board of Directors and General Manager of the Company.

- Nature and purpose: Severance pay, authorized by the Board of Directors on May 24, 2013, in the event of:

  - expiry of a term of office (except where renewal has been refused by the interested party),

  - removal (except for removal due to serious misconduct or gross negligence as this term is understood with respect to the case law of the companies section of the Court of Cassation).

Mr. Gil Beyen may claim an indemnity equal to:

- twelve times his average monthly remuneration (bonuses included) effectively received during the twelve months prior to the revocation decision or expiry of his term of office, or

- the fixed annual remuneration established by the Board of Directors, in the event of revocation decided within twelve months following the appointment of Mr. Gil Beyen.

Payment of this indemnity shall be subject to the finding that the following performance conditions have been met:

- Compliance with the Company's expenditure budget, and

- At least one of the two following conditions:

  - at least one collaboration or licensing agreement underway;

  - at least one product in active clinical development phase by the Company.

- Terms: No charge was booked in this respect by your company for the 2014 fiscal year.

2. Incentive:

Person concerned: Mr. Gil Beyen, Chairman of the Board of Directors and General Manager of the Company.

- Nature and purpose: incentive

- Terms: on November 29, 2013, the company stipulated an incentive contract for the period of January 1, 2014 to December 31, 2016. On May 24, 2013, your Board of Directors authorized Mr. Gil Beyen to be included in a future incentive contract. The gross incentive charge undertaken for the 2014 fiscal year is €1,800.

With Mr. Jérôme Bailly

- Person concerned: Mr. Jérôme Bailly, Chief Operating Officer of the Company.

- Nature and purpose: Modification in the fixed gross annual remuneration as part of Mr. Jérôme Bailly's employment contract, starting on January 1, 2014. This agreement was authorized by your Board of Directors on January 22, 2014.

- Terms: Mr. Jérôme Bailly's fixed annual remuneration is set at €60,000, payable over twelve months. The gross allocated remuneration during the 2014 fiscal year, variable portion included, is €75,132.70.

With all of the Senior Management

- Persons concerned: Mr. Gil Beyen, Mr. Pierre Olivier Goineau, Mr. Yann Godfrin, Mr. Jérôme Bailly.

- Nature and purpose: Your Board of Supervisors, on January 24, 2013, and your Board of Directors, on May 24 2013, authorized the company to assume the cost of certain services and expenses benefiting the Senior Management, as shown in the table attached, expressed in euros.

- Terms

Charges undertaken in the 2014 fiscal year	Gil Beyen	Jérôme Bailly	Pierre-Olivier Goineau	Yann Godfrin
Traditional professional health insurance APGIS (PRC)	3,932.16	1,394.15	3,519.23	3,517.89
Additional health insurance (VIVENS)	1,096.44	504.65	1,096.44	1,096.44
Unemployment insurance (GSC)			8,562.79	8,566.02
Additional pension plan (AXA)	7,509.60	3,456.63	7,509.60	7,509.60
Supply of a company car and fuel paid for				
-Rents paid during the fiscal year	17,185.15	6,191.40	10,778.46	10,877.87
-Amount of fuel paid for	1,874.18	1,282.46	1,811.20	2,066.60
TOTAL	**31,597.53**	**12,829.29**	**33,277.72**	**33,634.42**

Mr. Pierre-Olivier Goineau resigned from his positions as Director and Delegated Managing Director on January 11, 2015.

Agreements and commitments authorized since the year-end

We have been informed of the following commitments which were authorized following the close of the last fiscal year and which were previously authorized by your Board of Directors:

With all of the Senior Management

- Persons concerned: Mr. Gil Beyen, Mr. Yann Godfrin, Mr. Jérôme Bailly.

- Nature and purpose: March 26, 2015 Board of Directors authorization of a PEE contribution and a PERCO contribution

- Terms: no charge was recorded for these agreements for the 2014 fiscal year

With Mr. Jérôme Bailly

- Person concerned: Mr. Jérôme Bailly, Chief Operating Officer of the Company.

- Nature and purpose: Modification in the fixed gross annual remuneration as part of Mr. Jérôme Bailly's employment contract, starting on January 1, 2015. This agreement was authorized by your Board of Directors on January 11, 2015.

- Terms: The fixed annual remuneration for Mr. Jérôme Bailly is henceforth set at €90,000, payable over twelve months.

The statutory auditors
Lyon, March 30, 2015

French original signed by

For KPMG Audit Rhône Alpes Auvergne

Sara RIGHENZI DE VILLERS
Statutory Auditor

For RSM CCI Conseils

Gaël DHALLUIN
Associate

This is a free translation into English of a report issued in French and provided solely for the convenience of English-speaking readers. This report should be read in conjunction and construed in accordance with French law and the relevant professional auditing standards applicable in France.

Part 5

DECLARATION OF FEES PAID TO THE AUDITORS

6. DECLARATION OF FEES PAID TO THE AUDITORS

The table below presents the auditor fees sustained by the Company in the first three years:

In Euros (before tax)	KPMG SA then KPMG Rhône Alpes Auvergne RSM-CCI Conseils					
	2014	%	2013	%	2012	%
Audit:						
Audit engagement, certification, examination of individual accounts	**95,000**		**69,750**		15,300	
Directly associated due diligence reviews	**12,000**		**1,800**		11,390	
Subtotal	**107,000**	100%	**71,550**	100%	26,690	100%
Other services:						
Legal, fiscal, social security	**None**		**None**		None	
Internal audit						
Other						
Subtotal						
Total	**107,000**	**100%**	**71 550**	**100%**	**26,690**	**100%**